FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Talks raise hopes of peace in El Salvador, Page 23

NEWS SUMMARY

GENERAL

Half of German forests 'harmed'

Half of West Germany's forests are damaged or dying as a result of airborne pollution — largely from sulphur dioxide and nitrous oxide — up 16 per cent on last year, a government survey said. Only 1.5 per cent are considered beyond help, however.

Interior Minister Friedrich Zimmermann is to hold talks with other European ministers with a view to agreement on common anti-pollution measures.

The Christian Democrat state government in Baden-Württemberg called for states to draw up plans to halve the 6.1m tonnes of nitrogen and sulphur oxide pollutants produced annually in the country over the next five years. Page 24

'100 drowned'

About 100 people were feared killed when a passenger boat sank on its way from Nigeria's western Ondo state to Lagos.

Nobel prize for Tutu

Bishop Desmond Tutu, 53, black South African church leader and anti-apartheid campaigner, was awarded the 1984 Nobel peace prize. Page 2

Rail lines blocked

French railway authorities called in police to clear two main rail lines linking Paris and Lyons, blocked by demonstrating workers from Creusot-Loire, the bankrupt French engineering group. Page 3

Kohl on detente

West German Chancellor Helmut Kohl told visiting President Nicolae Ceausescu of Romania that no amount of contact between European countries could improve East-West relations without willingness to compromise from the two superpowers. Page 3

Turkish offensive

Turkish armed forces launched a fresh offensive against autonomy-seeking Kurdish guerrillas who have killed 18 soldiers in the past two months.

Grenada coup trial

Trial opened of coup leaders accused of murdering Grenada Prime Minister Maurice Bishop and whose takeover provoked the U.S.-led invasion of the Caribbean island a year ago. It was adjourned until November 1. Page 4

Soviet troops

The Soviet Union has increased its forces in Afghanistan from 110,000 to 140,000 because it has made no significant headway in curbing Islamic insurgency, Western diplomats said. In December 1979 Moscow sent 85,000 troops to help communist ruler Babrak Karmal.

'Ban tobacco ads'

The British Medical Association called on the UK Government to ban tobacco advertising and sponsorship worth more than $120m a year. Page 10

Terror charges

Portuguese authorities formally charged Lt-Col Otelo Saraiva de Carvalho, the engineer of the country's 1974 revolution, and 78 others with belonging to or organising the left-wing terrorist group FP-25. Page 2

Spain's EEC concern

Spanish Prime Minister Felipe González called in EEC ambassadors to receive a message emphasising Madrid's concern at delays in its entry negotiations. Page 3

BUSINESS

Approval in U.S. for Lear Fan tests

THE LEAR FAN aircraft, which is made from advanced composites, has won technical approval from the U.S. Federal Aviation Administration. That clears the aircraft, planned to go into production in Northern Ireland, for the start of flight tests. Page 8

STERLING fell ½ cent in London an all-time closing low $1.2035. It also declined to DM 3.775 (DM 3.7925), FFr 11.585 (FFr 11.63), SwFr 3.09 (SwFr 3.1125) and Y299.75 (Y300.75). On Bank of England figures, its trade-weighted index fell to 75.5 from 75.9. In New York it closed at $1.1995. Page 45

DOLLAR weakened in London to DM 3.139 (DM 3.141), FFr 9.61 (FFr 9.6325), SwFr 2.568 (SwFr 2.5775) and Y248.95 (Y249). Its trade-weighted index eased to 144.1 from 144.2. In New York it closed at DM 3.1460, FFr 9.6370, SwFr 2.570 and Y249.30. Page 45

COPPER prices rose £3.25 to £1,043.5 a tonne in London the highest level since early September, in response to continued weakness of sterling. Page 44

WALL STREET: The Dow Jones industrial average closed 5.19 down at 1,197.77. Section III

LONDON equities were marked down after sterling's slide. The FT Industrial Ordinary share index fell 15 to 886.6. Section III

TOKYO stocks were depressed by profit taking. The Nikkei-Dow market average closed down 22.29 at 10,757.89. Section III

HONG KONG advanced sharply. The Hang Seng index reached a five-month high of 1,020.01 up 20.92. Section III

GOLD rose $1.50 to $340.25 on the London bullion market. In Frankfurt and Zurich it also improved to $340.25. In New York, the Comex October Settlement was $338.90. Page 44

U.S. BANKS may soon be allowed to set up limited service branches across the country as a result of a decision by the Comptroller of the Currency not to renew a moratorium on "non-banks" because of Congressional inaction. Page 4

WEST GERMAN companies lifted operating earnings 8 per cent to DM 146.5bn ($48.6bn) in the first half on this year, despite the metalworkers' strike in May and June, laying the basis for more investment in 1985. Page 3

WEST GERMAN-FRENCH consortium led by Deutsche Babcock AG subsidiary Vereinigte Kesselwerke won a contract from Turkey to supply main sections of a power station.

NORTH KOREA agreed to talks with South Korea on bilateral trade and economic co-operation. Page 6

PEPSICO, second-largest U.S. soft drinks producer, lifted net earnings in the third quarter to $118.3m from $95.2m a year earlier and a loss in the second quarter.

CITICORP, biggest U.S. banking group, suffered a 10 per cent decline in third-quarter income with downturns in all its main businesses. Page 25

CONTINENTAL ILLINOIS, the U.S. bank saved from collapse by a multi-billion-dollar Government-backed rescue, made a net profit of $4m in the third quarter, down from $20m a year earlier. The first nine months of 1984 produced a loss of $1.12bn.

PERNOD-RICARD, French drinks group, reported a 10.4 per cent drop in first-half consolidated operating profits to FFr 374m ($38.8m). Page 25

We apologise for an abnormal number of misprints in this edition because of industrial action by members of the National Graphical Association in the London proof-reading department.

Reagan goes on the offensive as his poll lead narrows

BY STEWART FLEMING IN WASHINGTON

PRESIDENT Ronald Reagan has abruptly changed his campaign strategy and begun to hit out personally at Mr Walter Mondale, his challenger for the presidency.

The switch in tactics has been forced on Mr Reagan by signs that his lead is slipping in opinion polls. The Harris poll, released yesterday, indicated that Mr Reagan's lead over Mr Mondale had slipped to 9 per cent, the first time during the autumn campaign that a big polling organisation has shown the President with a percentage lead of less than double figures.

The conclusion Mr Reagan's political strategists seem to be drawing from the poll results of the past week its that the President's poor performance in the televised debate *with Mr Mondale earlier this month* has done him more harm than they feared.

Reagan: hitting out personally

Opinion poll results have been particularly volatile this year, but *before the debate Mr Reagan was* consistently leading Mr Mondale in presidential preference questionnaires by 15 to 20 percentage points.

His strategists expected some slippage in the wake of the debate, but their initial was to try to defuse the age issue thrown up by the debate by presenting the President in situations where he was able to demonstrate his physical vigour.

This week, however, amid signs that the damage Mr Reagan and *Vice-President George Bush have* suffered may be more extensive, the President has beefed up his campaign schedule with an extra trip to his home state of California and, ahead of next Sunday's second televised debate with Mr Mondale, begun consistently to attack his *challenger by name.*

On Monday, during a campaign swing through the South, the only region of the country where Mr Reagan is still holding on to his 20 per cent margin over Mr Mondale in presidential preference polls in key states, the President hit out at Mr Mondale, saying: "I think he is more ready to be our problem than our President."

Yesterday, before a student audience in Illinois, he warned that if Mr Mondale were to become President, *the students would go from* "the graduation line to the unemployment line."

Until this week, Mr Reagan has conducted what is generally described as a "rose garden" campaign, a reference to the White House grounds. He has been successful *in distancing himself from*

Mondale: hitting at the issues

the hurly burly of the political fray, trying to remain serene and "presidential" and avoid being pinned down into discussing the issues in *any detail. He has even managed to* keep the press at bay, tightly restricting the opportunities for reporters to ask questions.

In the past week, however, as the impact of his poor performance in the TV debate *and the questions* about his age have begun to be reflected in sinking poll margins, Mr Mondale and Ms Geraldine Ferraro have succeeded in forcing the President out of the rose garden and into the gutter where the real political battles take place. Indeed, partly because of the slurs Mr Bush has allowed to slip out about Ms Ferraro, the campaign has taken on a new edge and bitterness.

For their part, Mr Mondale, with his new-found credibility as a candidate, and Ms Ferraro have been hit-

Continued on Page 24

Opec warns of cuts in oil production to protect prices

BY DOMINIC LAWSON IN LONDON

THE Organisation of Petroleum Exporting Countries (Opec) might cut its official production ceiling to maintain world prices in the wake of Norway's decision to make an effective cut of $1.50 a barrel in its official price for North Sea crude.

That warning came yesterday from Dr Mana Said al Otaiba, chairman of Opec's market monitoring committee and the United Arab Emirates' Oil Minister.

Dr Otaiba said Opec was "really surprised" by the Norwegian decision. *"We are taking this action very seriously."*

Opec, which has an official production ceiling of 17.5m barrels a day, will hold an extraordinary meeting of ministers this month if non-Opec producers such as Britain follow Norway's lead.

"We will try to defend the market by all ways and means, even if it means reducing national quotas and the official ceiling," Dr Otaiba said.

The North Sea price plummeted on the spot markets yesterday, with November shipment quoted at $27.65 a barrel compared with the previous day's $28.30, itself way below the official price of $30.

One oil trader said: "UK crude has been traded out of sight. It's been unreal."

It was only with great difficulty that Opec managed to cut production to the current 17.5m barrels a day. A further reduction in output would lead to considerable argument in Opec, as each country tried to avoid a cut in its national quota. This would be particularly true of the debtor Opec nations, such as Venezuela and Nigeria.

It had been thought that Abu Dhabi, part of the UAE, would this week decide on a unilateral reduction in the price of its top quality Murban crude, a fear which caused additional weakness in spot prices. *Yesterday, however, Dr Otaiba said* no immediate decision to cut prices was likely.

The British National Oil Corporation (BNOC) had last night not decided on a reaction to Monday's Norwegian move, although it is expected to follow suit after consultations with UK Government ministers.

Dr Otaiba hoped the UK would hold firm at $30. In recent months, he said, "Britain has been very co-operative with Opec, and we very much appreciate what it has been doing to hold the oil price."

Oil companies' share prices fell sharply on the London stock exchange yesterday, when an estimated £700m ($840m) was wiped off their value.

Editorial comment, Page 22; Analysis, Page 24; Beryl B survey, Pages 13–17

Sterling falls to record low against $

By Philip Stephens in London and Paul Taylor in New York

STERLING fell to a record low against the dollar in New York last night, dropping through the psychologically important $1.20 level.

The dollar also resumed its up*ward spiral against the other lead*ing currencies, only hesitating briefly after the big U.S. banks cut their prime rates by a quarter of a percentage point to 12½ per cent.

Sterling was quoted in late trading at $1.199, while the dollar closed at DM 3.1460, FFr 9.6370, SwFr *2.570 and Y249.30.*

The prime rate cut, while smaller than the half percentage point reduction in the benchmark corporate lending rate announced on Monday by Bankers Trust, appeared to inject a temporary note of uncertainty into the foreign exchange markets over the future direction of U.S. interest rates.

In London, early trading saw the pound drop below $1.20 as the markets reacted to the collapse of the pit strike talks and speculation that Britain would have to follow Norway in lowering crude oil prices.

Sterling's fall, which took its overall value to the lowest since 1976, seems to have ruled out for the immediate future any cut in Britain's base lending rates.

Trading, however, was relatively light and the pound later benefited *from a slightly weaker dollar to re*cover some of its losses.

Continued on Page 24

Ban on U.S. bank expansion over, Page 4; UK public-sector borrowing, Page 8; Lex, Page 24; Wall Street report, Page 35; Money markets, Page 45

ECONOMISTS STILL HOPEFUL

U.S. industrial production declines 0.6%

BY STEWART FLEMING IN WASHINGTON

INDUSTRIAL production in the U.S. slipped a seasonally adjusted 0.6 per cent in September, the Federal Reserve Board said yesterday. It was the first decline after 21 months of continued expansion.

The downturn will not alter economists' expectations of continued growth in the economy, albeit at the more moderate 3 to 4 per cent pace expected for the third quarter.

A drop in car production associated with the labour dispute in the industry, and weaker production of consumer goods, reflecting the summer pause in consumer spending, help to account for the decline.

There are, however, already signs in the latest retail sales figures that the consumer is returning to the stores with enthusiasm. Car sales are also picking up.

The decline in interest rates spurred on by some easing in the Fed's monetary policy will also help *to overcome some of the weakness* in consumer spending that surfaced in the summer.

On Friday the Government is expected to release its first official forecast for real growth in the economy in the third quarter.

The preliminary "flash" estimate released last month showed that growth had moderated from 7.1 per cent in the second quarter to around 3.6 per cent in the third.

The latter estimate, however, was on the basis of incomplete statistical data covering, at most, two months of the third quarter.

Since then, economic statistics have tended to confirm the slowdown, although uncertainty about export and inventory trends might result in a revision of the flash estimate for the third quarter.

The Gross National Product figures on Friday will be watched closely because they will be the last figures for the economy as a whole before next month's presidential election.

There was good news on interest rates yesterday for the Wall Street fixed-interest markets when Dr Henry Kaufman, chief economist at Salomon Brothers, revised his longer-term forecast for interest rates to *suggest that rates would not rise as* sharply next year as he had previously predicted.

He said he was not now expecting that interest rates would necessarily peak in 1985 if there was no drastic drop in the dollar. He says the revised forecast reflects his view that rates will probably only rise moderately during the first half of 1985.

"We should not underestimate the risk of large increases in interest rates in the final stages of this cycle but this is not a matter of im*mediate concern to federal policy* makers or markets," Mr Kaufman says. He also predicts that real growth in the fourth quarter of this year is likely to reach 4½ to 5 per cent, up from the 3-5 per cent signalled by the Commerce Department's "flash" estimate for third-quarter real GNP.

UK pit supervisors set strike deadline

By Philip Bassett and John Lloyd in London

LEADERS of Britain's pit supervisors' union, Nacods, are recommending their 15,000 members to strike from a week tomorrow over pit closures – the issue at the heart of the 32-week-old miners' strikes.

A strike by the supervisors would significantly worsen the miners' dispute and might bring the Government closer to moving coal supplies from strike-bound pits to try to avoid power cuts. Pits that have continued to produce coal during *the 32-week strike by the National* Union of Mineworkers (NUM) might have to close.

Nacods has threatened to strike over the NCB's pit closure programme and other issues, including the board's original insistence that its members must cross NUM picket lines or not be paid. The threat was supported by 82.5 per cent of the members who voted in a ballot.

Leaders of Nacods took a decision on whether to implement the threat yesterday, but have yet to announce the result publicly. It is understood, however, that mass meetings of the union's members will be held in the coalfields next Wednesday, with a recommendation to strike from the following morning.

Nacods ist expected formally to tell the NUM, the TUC and the NCB *of its decision today. The delay will* give the NCB seven day's notice of the start of the action, and Nacods leaders said last night that it would also allow members the opportunity

Continued on Page 24

Editorial comment; A fight to the finish, Page 22

Marietta sells aluminium assets

BY WILLIAM HALL IN NEW YORK AND MICHAEL THOMPSON-NOEL IN SYDNEY

COMALCO, Australia's largest integrated aluminium producer, is paying some $400m in cash and notes for most of the aluminium interests of Martin Marietta, the U.S. aerospace and building materials group.

The deal will secure for Comalco its first aluminium processing facilities in the important U.S. market. It is acquiring 168,000-tonnes-a-year aluminium smelter at Goldendale, Washington state, a bulk terminal at Portland, Oregon, and a scrap recycling plant and rolling mill in Kentucky.

Comalco, a substantial producer of alumina, primary aluminium and fabricated products, is 67 per cent owned by CRA, Australia's biggest mining group, of which Rio Tinto-Zinc Corporation of the UK in turn controls 52.9 per cent.

The competitive postion of U.S. aluminium companies has deteriorated in recent years because of high energy costs. Many U.S. smelters have been closed and all the big companies suffered big losses in the last recession. Meanwhile, cheap foreign producers such as Alcan and Comalco are eager to expand outlets for their metal in the U.S., which is the world's largest market for aluminium products.

After a brief recovery last year, aluminium prices have fallen again this year, putting fresh pressure on high-cost U.S. producers, so the shake-up might continue. Kaiser Aluminum and Chemical, the third largest U.S. producer, for example, expects to be in loss in 1984 for the third year in a row. *Another small* producer, Revere Copper and Brass, has been in bankruptcy for two years.

Martin Marietta's decision to sell most of its aluminium operations reflects its decision to withdraw completely from the business, which it entered in the late 1960s. Although it is a fully integrated producer, it accounted for less than 5 per cent of the U.S. industry, which is dominated by four leading producers which account for 70 per cent of capacity.

A slump in prices and overseas competition has meant that the group's aluminium operations, which accounted for more than half its total assets and 17 per cent of sales last year, has lost over $100m since it went into the red in 1982. The group had expected a strong recovery in its aluminium business this year, but that failed to materialise and some of its plants have been working at only 50 per cent of capacity since June.

Mr Thomas Pownall, Martin Marietta's chairman, said the decision would take Martin Marietta out of a business "that was not generating the returns we seek on invested capital." The company would focus its attention on business where it has a stronger position, such as space, defence, communications, and information and data management.

Martin Marietta, which earned $99m in the first half of 1984, will establish a $365m after-tax reserve to provide for the losses on its withdrawal from the aluminium business. The loss will be accounted for as a one-time non-recurring charge in its third-quarter results, due out shortly.

In addition to selling its aluminium interests, the company has agreed to sell its stake in a jointly owned calcinated petroleum coke plant at Wilmington, California, to Atlantic Richfield.

Martin Marietta said yesterday that it still planned to proceed with its joint venture with Nippon Kokan KK to produce and market aluminium and titanium products. The venture, which will be 60 per cent owned by the U.S. company, will utilise the latest metal processing technologies of both companies.

CONTENTS

Brendan Keenan in Dublin assesses the likely effect of the Government's new economic plan

Optimism still rules as Ireland tries to halt the drift

DEBATE IN the Irish Parliament on the Government's recently published three year economic plan has been marked by furious opposition attacks, with Mr Charles Haughey the Opposition leader, likening the plan to Al Capone's tax returns as an example of honest dealing.

His chagrin is understandable, for just three weeks ago it seemed to many that the coalition government headed by Dr Garret FitzGerald might be on the point of collapse. Ministers from the two parties, Fine Gael and Labour, were at loggerheads over economic policy, Mr Haughey had moved ahead of Dr FitzGerald in the opinion polls for the first time and Government backbenchers were openly complaining about lack of direction and ineffective leadership.

But publication of the economic plan in a blaze of carefully orchestrated publicity, has changed all that: suddenly, everyone believes the coalition will hold on for the remaining three years of its term. Mr Haughey has had to revise his strategy of doing as little as possible while waiting for high office to fall into his lap.

Judged as a political operation, the Government plan has been a remarkable success. But its reception as a strategy to deal with Ireland's pressing economic problems has been more mixed.

The depth of the economic problems, especially the drain on the economy from heavy debt servicing, is revealed in the Government's own targets. Even if they are achieved by 1987, Ireland will still have a public sector borrowing requirement (PSBR) equivalent to 11.25 per cent of Gross National Product (GNP), unemployment of around 16 per cent and the highest taxes in the European Community.

The plan's borrowing targets, notably for current purposes, are much more modest than those Dr Fitzgerald set himself when he came to office. It has proved impossible, apparently, to make significant inroads into the Irish public sector, despite the fact that public spending accounts for over 60 per cent of GNP. This failure is partly administrative, but mainly political, with Ministers unwilling to face the implications of making cuts of the necessary depth.

The premier defended this softer approach by saying that the effects on employment would be too appalling to contemplate. Instead, the Government is concentrating on the public service pay bill as a way of at least halting the deterioration in public sector finances. It envisages a rise in the total pay and pensions bill of less than 4 per cent a year over the next three years.

The powerful public service unions have already objected, demonstrating the absence of public consensus on the need for corrective action on the economy. But in private, there is often a more realistic attitude and many of the unions may accept the pay restrictions.

There is little room for manoeuvre. The strain of servicing Ireland's $8bn foreign debt has been exacerbated by the rise of both the U.S. dollar and of interest rates. The Government estimates that repayments will cost almost 10 per cent of GNP annually between now and 1987.

The objective of the plan is to stabilise debt repayments as a percentage of GNP, rather than reduce them, but even this is based on the assumption that both the dollar and international interest rates will fall over the next three years. If these assumptions prove optimistic, far harsher measures would be required to achieve even a modest improvement in the Irish economy.

Critics of the Government in the Opposition and elsewhere, have attacked the absence of detail in the plan on how the reductions in spending and borrowing are to be achieved. "The projections are plausible but the plan is short on policy," says Mr Joe Durkan, of consultants Davy Kelleher McCarthy.

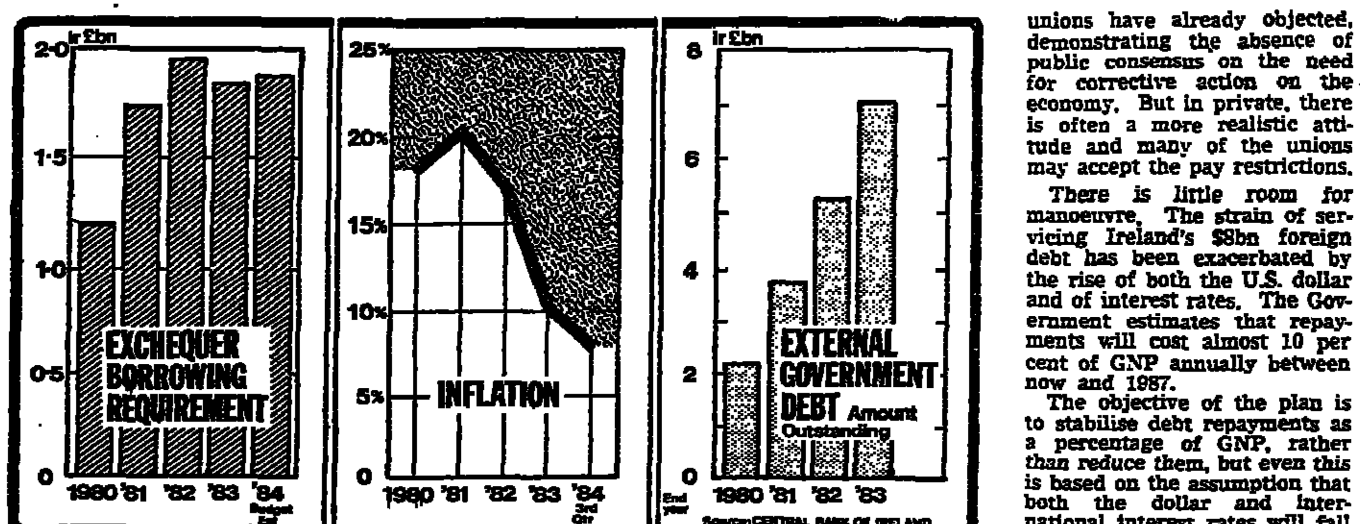
The Irish National Planning Board, which laid the groundwork for much of the economic plan, recommended that domestic credit expansion should be the key operational target for Irish monetary policy and should be set at the level which financed the growth in the demand for money.

The Government's plan is silent both on this question, and on how PSBR is to be financed, leaving some economists questioning the basis on which the projections of a deficit on the current account of the balance of payments averaging 3.5 per cent of GNP were reached.

Such arguments have been outweighed however by the general feeling that a sense of direction has at least been restored.

On balance, industrialists are happy with the noticeable improvement in the psychological climate, even if the tough decisions implicit in the proposals have yet to be taken.

It is possible that the old disagreements and indecisions in the coalition could re-emerge when the tough decisions have to be made. No one knows how the Government will react if its assumptions do prove optimistic. Dr FitzGerald has not managed to live up to his earlier promise of turning the economy round, but at least he appears to have halted the drift.



Bishop Tutu wins Nobel peace prize

BY FLEMING DAHL IN OSLO

BISHOP DESMOND TUTU, head of the South African Council of Churches, has been awarded the Nobel peace prize for his role as "a unifying leader figure in the campaign to resolve the problem of apartheid in South Africa."

The Norwegian Nobel Committee said that the means by which Bishop Tutu's campaign is conducted is "of vital importance for the whole of the continent of Africa and for the cause of peace in the world."

Mr Kaare Willoch, Norway's Prime Minister, commented that the award was a demonstration that "peace and freedom are sides of the same coin." The award "will increase the pressure from international society on the South African Government to abolish the apartheid regime," he said.

Bishop Tutu became the first black General Secretary of the South African Council of Churches in 1978. He also holds honorary doctorates at a number of leading universities in the U.S., Britain and West Germany. He was born in 1931 in Klerksdorp, Transvaal, and was educated at Johannesburg Bantu High School. Later he studied theology and was ordained priest in 1960.

Hero of Portugal's revolution accused of terrorism

BY DIANA SMITH IN LISBON

THE man who engineered Portugal's bloodless 1974 coup, Lt-Col Otelo Saraiva de Carvalho, has been formally accused of founding, promoting and directing a terrorist organisation formed in 1979.

In a 200-page indictment, Portugal's Public Ministry, the equivalent of the public prosecutor, accuses Lt-Col Saraiva de Carvalho of founding and participating in highly secret meetings of the Forcas Populares 25 de Abril (FP 25), an urban terrorist group that has claimed responsibility for the assassination o fseveral businessmen and a number of bomb explosions since 1980.

Lt-Col Saraiva de Carvalho, usually known as "Otelo," was arrested in early summer with 50 other suspects in the FP 25 case.

The indictment lists the terrorist actions of which the FP 25 are suspected but does not attribute them to individual members.

Otelo's arrest last June stunned the Portuguese who could not believe that the hero of 1974, whose popularity led him to be a presidential candidate in 1976, could involve himself with urban terrorism and murder. But Otelo has slowly fallen from grace. A political moderate and seller of shares in Bernie Cornfelds IOS pyramid investment scheme in his youth, he shifted far to the Left subsequently and headed a revolutionary movement that tried to seize power in November 1975.

He and his followers were prevented by moderate troops from seizing power, and Otelo underwent the first of many arrests connected with his politics.

E. German-U.S. accord near on war claims

By Leslie Colitt in Berlin

THE U.S. and East Germany have agreed on the "outline" of a claims settlement awarding damages to former Germans, now living in the U.S., who lost property in East Germany under the Nazis and after the Second World War.

Settlement of the claims could lead to improved relations in the view of U.S. diplomats. Washington has linked payment of the claims to an improvement in access for East German goods to the U.S. market.

East Germany is eager to obtain trade concessions and U.S. diplomats say that if the claims issues is resolved the Administration will consider lower tariffs for some East German products.

Mr George Shultz, the U.S. Secretary of State, had talks with his East German counterpart, Herr Oskar Fischer recently, which he described as "positive." U.S. diplomats remarked at the time that Herr Fischer did not criticise the deployment of new medium-range missiles in West Germany but insteaad noted that "more missiles do not bring more security."

The U.S. Government, representing more than 2,000 claimants, has presented a lump sum claim of $75m to East Germany. In addition ,the Conference on Jewish Material Claims (CJMC) has called for more than $100m. Whatever sums are finally agreed, however, are likely to be well below those.

The CJMC, which is negotiating separately with East Berlin, has said its demand is a "symbolic one" as it claimants have received restitution from West Germany.

It wants East Germany to recognise that it bears a moral responsibility for what was done under the Nazis, although East Germany denies it is a successor state to the Third Reich.

Besides the U.S., 20 other countries have presented claims on behalf of their citizens. Finland was the first to settle last week when it signed an agreement accepting FM 6.1m (£1.6m).

Medicine award prompts German soul-searching

BY RUPERT CORNWELL IN BONN

THE AWARD of the Nobel Prize for medicine to a German —the first such triumph since 1973 — has justifiably led to much national rejoicing in West Germany. Yet it also prompts some rather more sober considerations.

Dr Georges Koehler, a 38-year-old career scientist, was honoured along with a Dane and an Argentine for his work on genetic engineering and the immune system.

He was born in Munich, yet perhaps more significant is the fact that the crucial part of his endeavours has been carried out not in West Germany itself, but at Cambridge in the UK and in Switzerland.

Indeed, close study shows that, of the dwindling number of Germans who have won Nobel Prizes this century, at least in the field of medicine, an increasing proportion have worked abroad.

The winner in 1901 of the very first prize for medicine (in this inflationary age now worth some £158,000) was a German, Emil von Behring, for his discovery of vaccines against diphtheria and tetanus. But of the 12 German-born laureates who have followed him, only three have been citizens of the Federal Republic. And medicine is not untypical of the other scientific disciplines.

Not surprisingly, many people, including a good few commentators yesterday morning, see this apparent weakness of one of the world's most industrialised countries in the field of pure science as a basic reason for the supposed backwardness of West Germany in certain high technology fields.

Admittedly, after endless soul-searching on the issue in recent months, the climate is changing. But the award to Dr Koehler is no proof that it has conclusively done so.

So what is missing? Certainly not money. Per capita, research and development spending in West Germany is second only to that in the U.S. Yet the number of Nobel Prize winners continues to fall in relative terms, as does the German balance in international patent exchanges.

The reasons more probably lie in history and in modern German attitudes. Two world wars destroyed many of the country's best and brightest. A further loss of talent stems from the tragedy of German Jews, who previously did so much to leaven and stimulate the country's culture. Einstein was but the most illustrious of those forced to leave by Hitler's persecution. Three of the most recent winners of the medicine prize were emigrants to the U.S.

In a recent essay, Dr Karl Steinbuch, now a professor at Karlsruhe University but with experience at Stanford, California, set out what he thinks are the main obstacles to fruitful scientific research in West Germany today.

He blames shortcomings of the educational system, and an inadequate "stimulus to perform." Universities have "become like convoys, whose pace is set by the slowest." Then again, he writes, pressure to "justify" creativity militates against adventurousness and imagination.

Dr Steinbuch may or may not be right: maybe, now that the problem has been identified, old-fashioned German thoroughness will do the trick. But the nagging worries about West Germany's long-term industrial future go on.

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EEC counts cost of U.S. curbs on technology transfer

BY PAUL CHEESERIGHT IN BRUSSELS

EUROPEAN COMMUNITY governments are to examine the impact on their national companies of a series of measures taken by the U.S. to restrict the transfer of technology.

Their studies will partially determine whether the Community will adopt policies to fend off U.S. pressure in this area.

An informal accord that U.S. policies could be hindering technology transfer was reached by industry ministers discussing the question over dinner in Luxembourg on Monday evening. But they were less certain that the matter is one which can be dealt with at EEC level. France is said to have reservations about Community competence but it is generally accepted that, on defence matters, the question is one for national governments acting within Nato.

The matter was put to ministers by Viscount Etienne Davignon, the European Commissioner for Industry, who returned to a theme he first addressed in April. Then he said: "We are going into a major fight with the U.S. which will make chicken-feed of our agricultural dispute".

He urged governments to act with speed to compile national inventories of U.S. measures on technology transfer with assessments of how they had affected national interests.

Quick completion of studies would allow the Community to lobby more effectively next year in Washington when the U.S. Congress will again be concerned with extension of the Export Administration Act.

This Act, which formally expired last September but has been extended on an ad hoc basis, is the source of wide powers to control the export of U.S. goods, technology and expertise for both defence and foreign policy reasons.

Other U.S. Acts which can be used to inhibit the movement of technology relate to Arms Control, Atomic Energy and Nuclear Non-Proliferation. But in recent years admiinstrative steps have been taken which also restrict technology transfer. These include bars on the dissemination of briefs from the National Aeronautics and Space Administration and the closure to foreigners of Defence Department conferences.

In Brussels it is noted that the panopoly of U.S. controls can be used to give competitive advantages to U.S. companies over foreign competitors on international markets. Mr Norman Tebbitt, the UK Secretary for Trade and Industry, made charges along these lines

There is, howeverfi a long history of European irritation with the U.S. over attempts to spread the use of its law over commerce taking place outside its borders.

'Improvements needed' in Lome aid and trade pact

BY OUR BRUSSELS CORRESPONDENT

SOME IMPROVEMENTS would have to be made in the European Community's aid and trade pact with 64 African, Caribbean and Pacific (ACP) states if a new deal is to be signed in Lome, the Togo capital, by December, M Edgard Pisani, the European Commissioner for Development, said yesterday.

However, he held out little prospect of agreement by the 10 EEC members on a higher total aid package than the Ecu 7bn (£4.2bn) which was rejected by ACP negotiators last week.

"I don't think it is for the Commission to make a new proposal," he said. "A concensus has to emerge in the Community, composed around a new figure. But the Community has taken the position that the figure is not negotiable: we were prepared to negotiate the text, but not the figure."

He said that in spite of the failure of last week's ministerial talks to reach a final agreement on the new Lome package, the meeting had been fruitful.

The negotiating officials for both sides will meet again in Brussels next week, in the hope of making enough progress for the planned signing ceremony in Lomé in December to go ahead, he said.

He admitted that there were considerable differences within the EEC on whether to give more aid or trade concessions—with northern members happy to offer more trade liberalisation, and no more money, and the opposite true of the southern states.

"Perhaps it would not be a bad idea for a few additional trade concessions to be made, and also I think it is necessary for some budgetary concessions.

Spain tries to hasten talks

BY DAVID WHITE IN MADRID

THE SPANISH Prime Minister, Sr Felipe Gonzalez, yesterday stepped up the pressure on EEC member governments to bring negotiations on Spanish and Portuguese entry to a rapid conclusion. Ambassadors of the Ten were called in to receive a message to their governments.

The move follows the collapse of the last ministerial negotiating session in Luxembourg on October 3, which Spain called off because of the lack of participation by member countries, still at odds among themselves on some of the terms to be offered.

Sr Gonzalez's initiative coincided with talks in Brussels yesterday between Sr Carlos Solchaga, the Spanish Industry Minister, and Viscount Etienne Davignon, the European Commission vice president on two of the outstanding issues—steel and the dismantling of tariffs on industrial goods imported into Spain.

Creusot workers cut French rail links

FRENCH railway authorities yesterday called in the police to help clear the two main tracks linking Paris with Lyons which were blocked by demonstrating workers from Creusot-Loire, the bankrupt engineering group, writes David Housego in Paris.

The workers, protesting against proposed redundancies under the group's rescue package, halted traffic in the morning on the high-speed line to Lyons. In the afternoon they also blocked the main line southwards, effectively halting all traffic on the busiest axis in the rail network.

Le Creusot, the main industrial plant for the group, lies close to both railway lines in Burgundy.

The action was supported by all the main unions. But it also reflects the growing militancy of the Communist-led CGT which, now that the Communists are no longer members of the government, is parading itself as the champion of resistance to cuts in the industrial workforce.

The rescue package involves a loss of 2,600 jobs.

Swedish pay demand

Leaders representing more than 1m state and local authority workers in Sweden have demanded a renegotiation of the national pay deal they agreed during the spring, Kevin Done reports from Stockholm. The move threatens the Swedish Government's ambition to hold the rise in labour costs next year to only 5 per cent—the key element of its anti-inflationary programme.

Worker managers

Greece yesterday unveiled plans for worker participation by the end of the year in the management of the state-owned Public Power Corporation, the Hellenic Telecommuncations Organisation and the Greek Railways Organisation, writes Andriana Ierodiaconou in Athens. The aim is to increase productivity and improve the quality of services.

Austrian overture

Herr Leopold Gratz, Austria's Foreign Minister, arrived in Poland yesterday for a three-day visit, the first by a senior Western official since the imposition of martial law in December, 1981, writes Christopher Bobinski in Warsaw.

Valletta sweep

Malta is threatening to take to the UN its dispute with Britain over clearing unexploded war ordnance from Valletta's Grand Harbour, writes Godfrey Grima. It has been trying since 1978 to force Britain to sweep the harbour, where a number of infrastructural projects are being built.

Italian TV shutdown

Magistrates yesterday dealt a potentially serious blow to Italy's three main private television networks by closing down their transmission in three regions of the country, on the grounds that they are in breach of a law giving the state sole right to operate a national network, writes James Buxton in Rome.

West German company earnings rise by 8%

BY JONATHAN CARR IN FRANKFURT

WEST GERMAN companies boosted their operating earnings in the first half of this year despite the metalworkers' strike in May-June, laying the basis for more investment spending in 1985.

The latest monthly report of the Bundesbank released today estimates that gross entrepreneurial income in the first half totalled DM 146.5bn (£38.6bn), 8 per cent more than in the same period last year. The increase means that the recovery in company earnings has now been continuing steadily for two and a half years, after the trough of the deep recession years 1980-81.

The central bank notes that the latest improvement is remarkable since the seven-week strike clearly slower turnover growth—to a rate of 2.5 per cent in the first half after one of 3.5 per cent in the preceding six months.

The vehicle industry alone estimates that it lost production of 423,000 cars and commercial vehicles worth about DM 10.5bn (£2.7bn) because of the stoppage. It is now striving to make up for lost ground.

However, the Bundesbank figures show that enterprises' overall costs rose less quickly in the first half than they did in the preceding six-month period—ironically, partly because of the strike. Labour spending, much the biggest single factor in domestic costs, was up by just 0.4 per cent after 2.5 per cent before. Not only did companies save on the wages not paid to striking workers, but many of them also failed to replace employees who left during the stoppage.

Against that, "imported costs" jumped by 6.2 per cent—the sharpest rise for years—not least because of the fall of the D-Mark against the soaring U.S. dollar.

The Bundesbank notes that company spending on machinery, equipment and buildings in the first half was up by only 2.5 per cent to DM 88.5bn against the same period of 1983. But it explains this in part by the end-1983 expiry date for a government-sponsored bonus scheme, which caused many companies to bring orders forward to qualify.

The central bank points out that domestic orders for investment goods in July-August were no less than 15 per cent higher than a year earlier. Moreover a poll taken after the strike showed companies planned to boost investment spending in 1985 too. This underlying strength of domestic demand, accompanied by steadily rising orders from abroad will, it is felt, support the overall economic upswing well into next year.

Kohl says superpowers must be ready to compromise

BY RUPERT CORNWELL IN BONN

CHANCELLOR Helmut Kohl spelt out yesterday the plain reality that no amount of contacts between European countries can do much to improve East-West relations without a genuine willingness to compromise on the part of the two superpowers.

He delivered this implicit rebuke to President Nicolae Ceausescu during his two-day state visit here. The Romanian leader has long insisted that it was up to European states directly affected by the deployment of new nuclear missiles to negotiate among themselves. He also wants them brought into the existing forums for talks,

But the Chancellor emphasised during a luncheon in honour of his guest: "We are dealing with weapons systems of the two superpowers. They have to show the willingness to compromise and to agree."

His words are an indication of how Bonn has been brought down to earth by the cancellations—engineered by Moscow—of the trips here this autumn planned by the leaders of both East and Germany and Bulgaria. They also reflect the awareness that nothing much is likely to move between Washington and Moscow until the U.S. presidential elections are out of the way—and that the idiosyncratic Mr Ceausescu is hardly likely to be a go-between enjoying the special trust of the Soviet Union.

None the less, the Government is well satisfied by the visit, not least bcause it has given the opportunity to restate the West German position on issues between East and West.

Herr Kohl yesterday again rejected the ceaseless charges from Moscow of West German "militarism" and "revanchism" as untenable, unjustified nonsense. He stressed Bonn's treaty commitments with the East, that existing European frontiers were inviolable.

Air space 'violations' cool Greek-U.S. relations

BY ANDRIANA IERODIACONOU IN ATHENS

THE ICE in relations between the Reagan Administration and the Greek Government grew thicker yesterday, at the end of an official visit to Athens by the U.S. Defence Under-Secretary, Mr Richard Perle.

Trouble arose over a surprise Monday-night meeting between Mr Perle and the Greek Prime Minister, Dr Andreas Papandreou. Mr Perle, who paid a flying visit to U.S. military installations in Crete over the weekend, had been expected to limit his contacts in Athens to the Foreign Ministry.

The U.S. embassy in Athens reacted with thinly-veiled irritation to a Greek Government statement issued after the Perle-Papandreou meeting, which said that the U.S. official had been "summoned" by the Prime Minister in order to be informed of "the displeasure of the Greek Government and people" over violations of Greek air space by American fighter jets during a Nato exercise in the Aegean last week.

Athens formally protested to both the U.S. and Turkish governments about the violations last Friday. The Greek civil air authority closed a main air corridor in the Aegean for two days during the Nato exercise, saying that it was unsafe for civilian traffic.

A U.S. embassy reply said that the meeting between the two men had taken place "in an entirely friendly atmosphere" and had been arranged "to enable the discussion of a wide range of matters of mutual interest."

Washington's irritation with the Greek Government peaked recently when Dr Papandreou told deputies that the South Korean airliner shot down last year had been on a spying mission for the CIA. The U.S. is also upset over a forthcoming visit to Warsaw by the Greek Prime Minister, who will be the first Nato leader to visit Poland since martial law was imposed there.

Economics may dictate the choice, reports **Canute James**

Reluctant Grenada prepares to vote

A VENEER of calm lies over Grenada today. Only a few reminders are left of the island's recent political and military trauma—the rusting carcasses of two small Cuban aircraft at the small Pearls Airport, the joint patrols of U.S. and Caribbean troops and the gutted remains of the office of Mr Maurice Bishop, the Prime Minister killed in the October coup.

But the calm veneer is very thin. Grenada's 100,000 people, who suffered a bloody coup staged by the hard line faction of Mr Bishop's Administration, followed by an invasion by the U.S. have not completely recovered from the trauma.

The tension is reflected in the battle among the graffiti artists, at once welcoming the Americans and telling them to go home, and in the reluctant but certain march towards a general election before the end of this year—an election which, according to two public opinion polls, most Grenadians do not want.

Registration of voters has been completed and on polling day, December 3, 47,000 electors will be faced with a potentially bewildering array of nine parties offering candidates for 15 parliamentary seats. "We are committed to a general election before the end of this year, and we are not going to change these plans," said Mr Nicholas Braithwaite, head of the interim administration running the island's affairs, and its de facto Prime Minister.

Grenadians' reluctance to face the task of electing a government is rooted in their recent experience of politicians. In the 25 years before the invasion they were exposed to only two leaders—Sir Eric Gairy, the ruthless arch conservative, and the charismatic Mr Bishop, a socialist visionary who, even his strongest supporters now admit, was weak in controlling his more radical lieutenants.

DRAMATIC scenes were played out yesterday at the sitting of the Supreme Court of Grenada, writes Hugh O'Shaughnessy from St Georges.

Nineteen leaders of the Revolutionary Military Council, who ruled this island for six days last October, appeared charged with the murder of Maurice Bishop, the former Prime Minister and 10 of his associates just before the U.S. invasion of October 25.

The 19 included Hudson Austin, the former General of the Armed Forces and head of the RMC, and Bernard and Phyllis Coard, who led the opposition to Maurice Bishop.

The defendants, 18 men and Mrs Coard, answered the first murder charge as it was read out by proclaiming that they did not recognise the authority of the court and did not want to be tried "under foreign military occupation." They all refused to plead as the other 11 charges were put to them.

During the proceedings Mrs Coard appeared to faint and was carried out by police women. Mrs Coard shouted that she had been on hunger strike for six weeks. From beside her in the dock her husband accused Mr Lionel Maloney, the Barbadian-born Commissioner of Prisons, of being "a criminal" who is maintaining "a reign of terror at the Richmond Hill prison."

Chief Justice Archibald Nedd ruled that the proceedings be adjourned until November 1 before which he would rule on a motion already tabled by the accused that the court was not empowered to try them.

In the impending election, Grenadians will have three clear choices. There is again, Sir Eric, whose Grenada United Labour Party is fielding candidates. At the other end of the political spectrum is the rump of Mr Bishop's New Jewel Movement, led by Mr Kenrick Radix and Mr George Louison, former Cabinet Ministers.

In the Centre are three moderate parties, brought together in a coalition which demonstrates the level of big power interest in the island's government.

Grenadian memories of Sir Eric's days are still fresh. There was his "Mongoose gang" which battered and bruised political opponents, there were repeated charges of corruption, national embarrassment at his well-argued requests to the United Nations to investigate flying saucers and at his penchant for collecting knighthoods and similar decorations.

Scepticism has greeted Sir Eric's recent statement that if re-elected there would be no vendettas, not even against the surviving members of the New Jewel Movement which overthrew him. Opinion in neighbouring Caribbean islands, and in Washington is that the re-election of Sir Eric would again create fertile ground for a resurgence of support for the Socialists.

For their part, Mr Bishop's ideological heirs are still uncertain whether they will field candidates. They still have some support among young people but are expected to have difficulty in carrying those constituencies which they won easily in the last election in 1976.

A victory by Messrs Radix and Louison, would represent a damaging setback to Washington, which clearly does not want to lose to the Left what it now considers a cornerstone of its crusade against Communism in Central America.

This explains the creation of the coalition group the New National Party, made up of groups which have nothing in common except that they are neither of the radical Right of Sir Eric nor the Left of the New Jewel Movement.

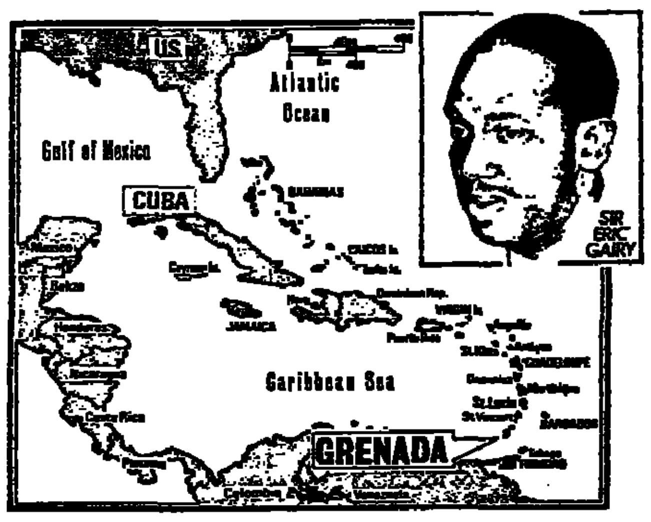
It is led by Mr Herbert Blaize, veteran opponent of Sir Eric, and one-time Chief Minister.

Public opinion in Grenada appears to be swinging towards the NNP, an unknown political quality but the least risky of the three on offer. The birth of the NNP, however, was somewhat inauspicious—one of the original four parties immediately pulled out—and many Grenadians are doubtful whether it would hold together for long, even if it won an election.

Post-election uncertainty worries most Grenadians. This is what Sir Eric will wait for if his party does not win, they say.

The former Prime Minister's senior aides will neither confirm nor deny that their leader, if he does control the Government, will change the island's constitution to that of a republic within the Commonwealth, abolish the post of Governor General, and install himself as executive president.

In Grenada, Barbados and Washington, the smart money is on the coalition. If it triumphs, it can expect significant economic backing from Washington, and this is hardly an offer which the increasingly impoverished island can refuse.



Duarte urges rebels in El Salvador to change course

BY DAVID GARDNER IN SAN SALVADOR

PRESIDENT Jose Napoleon Duarte of El Salvador yesterday urged left-wing insurgents to change their strategy to take account of the wide-ranging reforms he claimed had taken place in the ownership of land, in the financial system and in the army.

Sr Duarte's call followed his Government's first-ever high-level meeting with insurgent leaders in the northern border town of La Palma on Monday, at which a joint peace commission was set up and it was agreed to hold a further meeting in the second half of next month.

The commission with four members from either side under church mediation, is to discuss detailed peace proposals. The five and a half hours talks produced no ceasefire agreement, and instead, both sides undertook to try to "humanise the conflict."

This was understood to mean that attempts would be made to limit civilian casualties—the majority of the civil war's 50,000 victims have been non-combatants—and to provide humane treatment to prisoners and the wounded.

Sr Duarte's remarks, made in a broadcast to the nation yesterday morning, appeared designed to forestall criticisms from the far Right of his initiative.

Sr Duarte stressed in the broadcast that he had not and would not stray one millimetre "from the constitution in his search for peace."

Central to the Duarte proposals is that the rebels agree to take part in the electoral process after which they would benefit from a general amnesty.

The insurgents have up till now called for a share in power, in a provisional broad-based government before new elections.

Sr Duarte said that the fact that "subversive leaders" could enter the country unhindered was evidence that the system they have rebelled against had changed.

But despite the emerging war of words that has followed the La Palma eeting there was widespread recognition here yesterday that El Salvador had taken its first real step towards peace, since it collapsed in civil war in 1980.

Symbolic of a change in atmosphere, was the release coinciding with the La Palma meeting of Sr Hector Recinos, leader of the power workers, and nine of his colleagues. The power workers had been held without trial for four years on suspicion of collaborating with the guerrillas.

Talks raise hopes of peace, Page 23

Canada rules out mediation

By Bernard Simon in Toronto

THE NEW Canadian Government will not try to act as a mediator between the U.S. and the Soviet Union, Mr Joe Clark, External Affairs Minister, told Mr George Shultz, U.S. Secretary of State, during two days of wider-ranging discussions which ended in Toronto yesterday Tuesday.

A senior Canadian official said Mr Clark had stressed that Canada "adopt a very pragmatic approach" in arms control talks, implying that the Conservative Government elected last month will not seek to emulate the much-publicised peace initiative of former Prime Minister Pierre Trudeau.

The meeting between Mr Clark and Mr Shultz is the first since the Government took office and follows discussion last month between President Reagan and Prime Minister Brian Mulroney.

Mr Clark told Mr Shultz that the Canadian Government has not yet formulated specific policies on several key bilateral issues of interest to the U.S. including foreign investment and energy.

None the less, he said that new investments in Canada will continue to be monitored.

Other bilateral topics discussed by the two men included fisheries, trade matters and environmental concerns, especially acid rain.

Caterpillar lays off 2,450

By Terry Dodsworth in New York

CATERPILLAR, the U.S. earth-moving and construction equipment company, yesterday followed up its recent dividend cut by laying off 2,450 workers in its U.S. plants—around 5 per cent of its domestic workforce.

The layoffs were described by the company yesterday as indefinite which means that recalls will be based entirely on prevailing business conditions. They will begin in December and run through February, involving workers at its plants in Aurora and Joliet, Illinois, and Davenport, Iowa.

Caterpillar's decision was amply signalled in the statement accompanying its dividend cut, when it said it was aiming to reduce its production schedules and speed up previously-announced plant closures.

It nevertheless underlines the depth of the competitive problem the company faces, along with the extensive discounting in the market, which was not recovered as strongly as had been forecast.

For the mid-West heavy engineering belt it is also a further blow after recent announcements of layoffs at John Deere, the agricultural equipment manufacturer and similar decisions at International Harvester.

Comptroller lifts ban on U.S. bank expansion

BY PAUL TAYLOR IN NEW YORK

U.S. BANKS may soon be allowed to set up limited service branches across the country as a result of a controversial decision by the U.S. Comptroller of the Currency not to renew a moratorium on the setting up of so-called "non-bank banks" because of Congressional inaction on the issue.

Mr C. Todd Conover, the Comptroller, said he felt compelled under existing law to begin processing the 329 applications already filed by bank holding companies to set up nationwide networks of limited service branches.

The planned limited service branches, which either will not take deposits or will not make commercial loans, escape the usual U.S. restrictions on interstate banking because they do not qualify as full service "banks."

Mr Conover, who has long supported moves towards broad-based new U.S. banking legislation, which would close down the non-bank bank loophole, imposed the moratorium in an effort to encourage Congress to decide the issue.

Last week, however, Congress adjourned divided over banking legislation and without agreeing a Bill which would have closed the loophole.

The Comptroller said a further extension of the moratorium "would amount to a usurption of Congress's legislative authority."

His office is expected to begin processing the applications, which have flooded in from virtually every major U.S. banking group, within the next few weeks. However, it remains unclear whether banks receiving approval will set up offices.

IRA support criticised

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT, IN LONDON

SIR GEOFFREY HOWE, Britain's Foreign Secretary, yesterday strongly criticised Americans who supported the IRA's terrorist activities by providing financial aid.

Sir Geoffrey said that those who provided funds to the IRA through any of their front organisations in the U.S., in the profoundly mistaken belief that they were romantic nationalists fighting for an honourable cause, should rid themselves of such illusions.

"Let them make no mistake. They are supporting and promoting terrorism," Sir Geoffrey said in a speech to the American Chamber of Commerce in London.

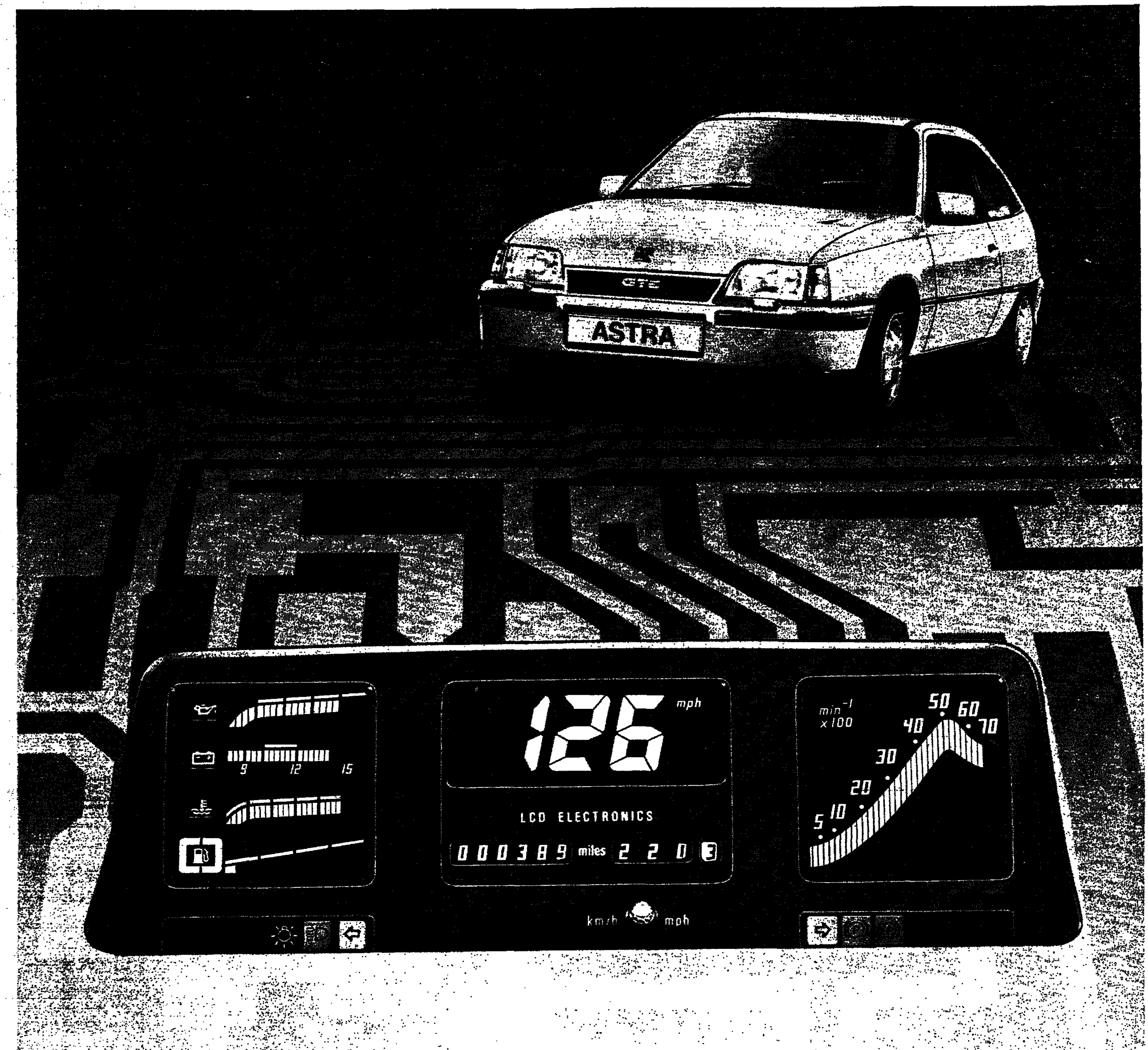
In Beirut and in Brighton, where the U.S. and Britain had suffered the ghastly effects of terrorism, the perpetrators were people who had long ago given up democracy and discussion and were trying to impose their will by terror.

Both groups challenged the values which were seen as fundamental in Britain and the U.S. alike.

Turning to U.S. economic policy, the UK Foreign Secretary said that it was worrying to other countries that a high budget deficit had been allowed to persist with the clear result of high interest rates and a steadily strengthening dollar on the exchange markets.

On defence, Sir Geoffrey said that it was not true that Europe shouldered less than its fair share of the Nato defence burden. The figures spoke for themselves. The European percentage of Nato's expenditure rose from 27.5 per cent in 1971 to 31.8 per cent in 1983.

Of the available forces in Europe, Europeans contributed 80 per cent of the combat aircraft; 90 per cent of the manpower—about 3m men—and 95 per cent of the armoured divisions and artillery.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Pledge soon on land rights for Aborigines

By Michael Thompson-Noel in Sydney

AUSTRALIA'S Labor Government said yesterday that in the run-up to the country's general election on December 1, it would spell out its stand on the vexed issue of Aboriginal land rights.

Mr Clyde Holding, Aboriginal Affairs Minister, stated that a "statement of principles" would follow talks with mining, farming and Aboriginal groups.

Mr Bob Hawke's Labor Government is keen to improve the lot of black Australians, many of whom, said Mr Holding, "live in conditions far worse than those found in Third World countries."

However, leading mining companies are growing restless with the Aborigines' push for land rights, which could feature as a prominent election issue.

Mr Hugh Morgan, chief executive of Western Mining, has claimed that if the principles underlying land rights legislation in the Northern Territory were extended to the rest of Australia, there would be "no exploration activity.

About one-eighth of Australia's land surface is now designated as Aboriginal territory

Datuk Harris

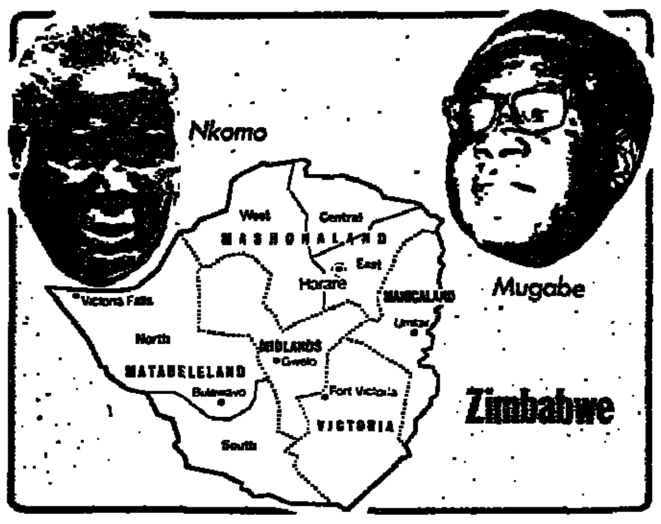
AN ARTICLE (June 13) about economic developments in Sabah stated that Datuk Harris had been accused of benefiting personally and excessively from sales of land from some of Labuan's key projects.

We are pleased to confirm that the accusations were unfounded and apologise to Datuk Harris for any embarrassment which he may have been caused.

Zimbabwe opposition rallies supporters for next year's election

Nkomo's last chance to make his mark

BY TONY HAWKINS IN HARARE



MR JOSHUA NKOMO, the veteran Zimbabwean nationalist leader, has launched a final attempt to win power at next year's general elections with tough criticism of Zimbabwe's ruling Zanu-PF Government.

Mr Nkomo's Zapu party wound up its first post-independence congress last weekend with an outright rejection of Prime Minister Robert Mugabe's plan for a one-party State.

Using language about the Government not heard since 1980, Mr Nkomo lashed out at the Zanu leadership whose hands, he said, were "stained with our blood. If the Zanu leadership intend to behave like fascists, we cannot call them anything but fascists," he added.

Mr Nkomo's minority Zapu (which holds 19 of 80 common roll seats in Zimbabwe's 100-member House of Assembly) called for a united front to help resolve the country's escalating economic difficulties. But Zapu made it abundantly clear that it was not prepared to purchase unity by agreeing to a Zanu-dominated one-party State.

Zapu leaders have long urged a merger with the ruling party and opposed a Zanu takeover, but the tone of Mr Nkomo's comments suggests that there is little room for serious talks about such a merger, at least until after the elections at which Mr Nkomo hopes, for the last time, to stake his claim for power.

The attendance of 6,000 members at the party congress followed Zapu's convincing victory in Bulawayo local government elections earlier this month, when the party retained its stranglehold over the country's second largest city.

The victory must have helped rebuild the opposition's morale, which has deteriorated since losing the independence elections in 1980 and seeing Mr Nkomo and his top aides sacked from the "reconciliation cabinet" more than two years ago.

Mr Nkomo was re-elected unopposed as party leader with Mr Joseph Msika, formerly Secretary General, appointed Deputy President of the party in succession to Mr Joseph Chinamano, who died earlier in the month.

The strong congress turnout, Zapu's victory in Bulawayo and Mr Nkomo's new-found aggressiveness suggest that Zapu is still a powerful political force. However, it faces massive logistical and organisational difficulties at next year's elections—the first since independence—due to be held in March or April.

The independence elections were held on the basis of proportional representation without an agreed voters' roll. This time seats wil be determined on a Westminster constituency style basis and voters must register. Zapu's support is largely regional and tribal with Mr Nkomo having won almost all his 20 seats in parliament in Matabeleland in western Zimbabwe and in the neighbouring Midlands province. The party has minimal support in the east and north.

While Zapu may well carry all the Matabeleland seats, Zapu's power base in the Midlands may be reduced.

Organisationally the party has suffered major setbacks, including being banned from holding public meetings in parts of the country after the disturbances earlier this year. In rural Matabeleland, party organisation has come under strain due to the dissident campaign against the Government.

The dissidents, many of them former members of Mr Nkomo's pre-independence Zipra guerrilla army, have refused to accept the 1980 ballot box verdict which left them in opposition. Government ministers repeatedly accuse Mr Nkomo and his party of supporting the dissidents but the Zapu leader has denied any link with the young rebels and appealed for them to lay down their arms.

A further organisational disadvantage is the fact that three of Mr Nkomo's top lieutenants—including the man most likely to succeed him as Zapu leader, Mr Dumiso Dabengwa — have been detained without being convicted in court for more than two years. Top posts at the congress all went to party stalwarts and there are no signs of any new leaders emerging from within the party.

Party unity has been strained by the fact that some Zapu politicians have retained seats in Mr Mugabe's cabinet despite the dismissal of Mr Nkomo and other senior party men. Mr Cephas Msipa, the Minister of Water Resources, is the most senior such "bridge" figure having been elected at the weekend as Secretary General of Zapu.

The Prime Minister has said he will use the 1985 elections as a form of referendum to see whether or not there is widespread support for the proposed one-party socialist state. It is therefore vital for Zapu at least to maintain if not strengthen its parliamentary base.

Zapu has strong grounds for attacking the Government at the polls. Severe drought, widespread and growing unemployment, rapid inflation, falling real incomes and output as well as for a very unhappy economic situation, especially in the west and southwest of the country.

But tribal and regional influences are so strong that even if Zapu can retain its electoral hold on Matabeleland, it is most unlikely to make any inroads into Government support in the rest of the country.

Mr Mugabe's main problem outside Matabeleland will be the combination of voter apathy and dissatisfaction at Zanu's economic record.

But regionalism being what it is, disaffected Government supporters have no viable alternative but to abstain.

Weinberger in talks on Israeli armaments

By David Lennon in Tel Aviv

MR CASPAR WEINBERGER, the U.S. Secretary of Defence, discussed Israel's armament programme for the coming four years, the supply of advanced U.S. weapons, and additional assistance for Israel's troubled Lavi fighter-aircraft project, during meetings in Tel Aviv yesterday.

Mr Weinberger may also approve the largest-ever purchase by the U.S. of Israeli military equipment. According to reports from Washington, the deal, which could earn $700m (£583m), for Israel, involves the supply of 4,400 Israeli-made 120 mm mortars and 5m shells for the U.S. army.

The Israelis have also been emphasising to the visiting U.S. officials the high cost of maintaining Israeli military preparedness, especially at a time of economic constraint within the country.

Gen Menahem Meron, director-general of the Defence Ministry, said that "the main thrust in these talks will be the economic aspects of defence."

In addition to seeking a substantial increase in U.S. military grants next year, from the current level of $1.4bn, the Israelis also want Washington to permit them to spend part of the aid on the development costs of the Lavi fighter aircraft within Israel.

The Lavi project has run into design problems, according to officials in Washington. The difficulties centre on the design of the wings and the engine outlets. Overcoming these problems may require substantial additional funds for the project, originally budgeted to cost $1.5bn.

The Lavi is due to enter service with the Israeli Air Force by the end of the decade when it will replace the ageing U.S.-supplied Phantom and Skyhawk jets.

Meanwhile, Mr Yitzhak Moda'i, the Finance Minister, said he expects that the new U.S.-Israel joint economic development group will meet in two weeks to discuss various issues, including the details of the U.S. offer to postpone $500m in Israel's debt repayments.

The Minister said that the debt deferment issue had been raised during Prime Minister Shimon Peres's visit to Washington last week.

"The Premier reacted favourably," he said, but the details, "were left in the air until further discussions."

Parliament in Lebanon elects new Speaker

By Nora Boustany in Beirut

THE LEBANESE Parliament elected a new Speaker yesterday, who, with Syrian backing, is expected to act as a political counterweight to the upsurge of Shia Moslem religious militancy.

Mr Hussein al-Husseini, who was a strong opponent of the May 17 Israel-Lebanon troop withdrawal agreement, defeated Mr Kamel al-Assad, Speaker for the past 13 years, by 41 votes to 28.

Syria had indicated its support for Mr al-Husseini who comes from the Baalbeck region and is a former head of the Shia militia Amal.

It is believed that despite certain differences, he will be able to work well with Mr Nabih Berri, the present leader of Amal and the Minister responsible for reconstruction and for south Lebanon.

Under the Lebanese constitution, the Speaker of Parliament has to be a Shia Moslem, the President a Christian Maronite, and the Prime Minister a Sunni Moslem.

The Cabinet has meanwhile approved an austerity budget for 1984/85 which includes heavy cuts in both defence and "secret" allocations.

Senior officials have admitted that Lebanon is facing a severe economic crisis with a fast growing public debt and balance of payments deficit.

Taiwan foreign exchange reserves rise

By Robert King in Taipei

TAIWAN'S rising trade surplus has swollen the country's foreign exchange reserves to more than $16bn (£13.3bn)—up from about $13bn a year ago.

Moreover, tight restrictions on foreign exchange transactions and on outward remittances are ensuring that the surpluses converted into new Taiwan dollars by banks dealing in foreign exchange will speed the growth of the local money supply and bring inflationary pressures to bear on the economy.

So far this year, though, ad hoc measures taken by the Central Bank have managed to provide a safety valve.

The Government has removed limits on the amount of foreign exchange banks could hold — raised per diem allowances on the amount of foreign currency which tourists and businessmen may take out of the country, and has increased the amount of money Taiwanese citizens can remit abroad in one year.

North Korea opens door for economic links with Seoul

BY STEVEN B. BUTLER IN SEOUL

NORTH KOREA has opened the door to possible far-reaching improvement in relations with South Korea by agreeing to a proposal from Seoul for talks that could lead to bilateral trade and economic co-operation.

The acceptance of South Korea's proposal, if acted on, would indicate a basic change in North Korea's negotiating position of the 1970s.

Then, it insisted that economic exchange or other interaction take place only in the context of a general agreement to reunify the peninsula.

North Korea raised the possibility of discussion on economic topics in a radio broadcast.

According to a Radio Pyongyang broadcast, North Korea's vice-premier, Kim Hwan, on Tuesday sent a letter to South Korea's Deputy Prime Minister, Shin Byung-Hyon, accepting Seoul's proposal for economic discussion.

He suggested the two sides send five-member delegations to meet at the truce village of Panmunjom on November 15, but only after a mutually agreeable agenda had been drawn up.

In accordance with Seoul's initial proposal, Kim has agreed the delegation will be headed by government officials at Vice-Minister level. It will be the first official contact between the governments since 1980, should the meeting take place.

The North Korean broadcast suggested the economic exchanges could lead to peaceful reunification of the peninsula by "eliminating the distrust which presently divides it."

If the two Koreas did agree to open their borders for trade, the two economies would be highly complementary. North Korea is rich in natural resources, while South Korea has far more sophisticated manufacturing capability.

South Korean businessmen have expressed interest in purchasing North Korean anthracite coal, iron ore, magnesia and lead ingots, as well as farm and fishery products, and have suggested the posibility of joint ventures in the future.

China will never abandon Socialism, says Deng

BY MARK BAKER IN PEKING

CHINA will never abandon its Socialist system, despite its economic reforms and special policies for Hong Kong and Taiwan, Deng Xiaoping, the country's leader, has declared.

"The Socialist system of ours today will remain unchanged forever," Deng said in a meeting with visiting delegations of Hong Kong Chinese.

While China might permit foreign investment and allow Hong Kong to keep its capitalist system, Socialism would not be modified for "our one billion people" on the mainland, he added.

Deng's remarks were displayed as the main page one story in the Communist Party newspaper, People's Daily.

The timing and prominence given to his comments—made during unspecified meetings recently—appears designed to counter criticism of reforms by influential party Conservatives during the current Plenum of the Central Committee. They do not, however, indicate that Deng is back tracking on his open door economic policies.

The Conservative minority has been antagonised by a series of recent reforms by Deng's leadership which they regard as leading the country away from Socialist orthodoxy and into dangerous compromises with capitalism.

● China and the Soviet Union will resume their biannual consultations in Peking tomorrow with little prospect of a breakthrough in their 20-year feud.

Both sides have indicated that their major disagreements still stand and the week-long talks will see little more than a restatement of conflicting positions.

The one prospect for optimism is that agreement could be reached on new dates for a visit to China by the Soviet Deputy Prime Minister, Mr Ivan Arkhipov.

Moscow cancelled without explanation a scheduled visit to Peking in May by Mr Arkhipov, a day before he was due to arrive. He is the most senior Soviet official to have been invited to China since the countries split in the early 1960s.

The sudden cancellation of the visit was to highlight the progressive deterioration in Sino-Soviet relations.

Nigeria's chief negotiator on IMF loan replaced

BY PATTI WALDMEIR

NIGERIA'S chief negotiator with the International Monetary Fund (IMF) on a proposed $2.5bn (£2.08bn) loan the Finance Ministry's Permanent Secretary Alhaji Abubakar Alhaji—has been replaced in a Cabinet reshuffle.

The removal of Alhaji Abubakar Alhaji a pivotal figure in Nigerian economic planning for the past 10 years, puts a question mark over the likely future course of the negotiations, currently bogged down over the issue of policy adjustments, such as a devaluation of the naira, which are required by the IMF.

Tlhaji Abubakar Alhaji's replacement is Mr U. K. Bello, formerly Permanent Secretary responsible for economic affairs in the Executive Office of ousted President Shehu Shagari.

Bankers described him as an able technocrat with extensive experience in international finance.

Alhaji Abubakar Alhaji who has earned the reputation of a forceful negotiator in nearly two years of talks on the loan, becomes Permanent Secretary for National Planning, a position of importance for future talks with the World Bank on talks with the World Bank.

Sixteen permanent secretaries and four ministers were involved in yesterday's reshuffle, in which portfolios were exchanged and no officials were dropped from government.

WORLD TRADE NEWS

Hong Kong may sell expertise to Shanghai

By David Dodwell in Hong Kong

HONG KONG'S Mass Transit Railway Corporation (MTRC) plans to send a group of executives to Shanghai next month to discuss the city's plans to build its own urban transit system, Mr Eric Black, MTRC managing director, revealed yesterday.

The corporation is understood to have had discussions with several city authorities in China on the possibility of selling its expertise, but Shanghai has shown the greatest interest so far in investing in a mass transit system. The corporation has also held discussions in Thailand aimed at winning work on a possible overhead transit system.

The MTRC recently failed to win a contract for work on the second stage of Singapore's mass rapid transit underground system, with the almost certain result that over the next 15 months many of its 1,200 project and engineering staff will be laid off.

The corporation has been trying hard since August last year, to sell its expertise overseas, partly because, once it disbands its force of engineers, it would have to start from scratch assembling a new team for any further extensions in Hong Kong, such as a suggested route in east Kowloon. It expects to complete the Island Line – its third underground route – covering the northern seaboard of Hong Kong Island, at the end of 1985.

Mr Black insisted yesterday that the Shanghai authorities had made no firm commitment to an urban transit system. Only "loose discussions" were therefore possible, he said. However, the New China News Agency reported yesterday that Shanghai had begun construction of a 13.5 km underground railway that would run from the south west of the city to the north and be completed in 1990.

The report said that about 10m people travel by bus or trolley-bus in the city every day.

Jordan turns to barter to build up phosphate sales

BY RAMI G. KHOURI IN AMMAN

AFTER FOUR consecutive years of flat growth and earnings, the Jordanian phosphate industry has started a major expansion programme that will rely heavily on barter deals with its major trading partners in Japan, the U.S. and Europe.

During 1980-83, Jordan's phosphate exports rose by less than 5 per cent to reach 3.7m tons in 1983, generating net revenues of $160m. This figure includes income from another 1.2m tons of phosphate rock sold domestically to the Jordan Fertiliser Industry Company at Aqaba, which processes it into chemical fertilisers for export.

A management change early last year brought in Dr Wasef Azar as general manager, and he has embarked on a strategy that includes a combination of cost-cutting and increased production and exports. The work force has been cut by some 20 per cent to 3,300, while other savings in fuel use, spares and operational contracts have combined to give the 90 per cent government-owned Jordan Phosphate Mines Company a profit of $31m last year.

Existing sales contractors will see the company finish this year with production of 5.8m tons, and total sales of at least 5.6m tons, generating revenues of $180m. Expansion plans costing $90m over the next three years will increase production from the three existing mines to more than 7m tons per year by 1987.

An increasing share of export sales will include barter arrangements by which contractors and manufacturers selling to the Jordan Phosphate Mines Company (JPMC) or to other public sector entities may be required to be compensated in phosphate rock that the company will undertake to sell on behalf of the foreign companies in their own countries.

The Jordanian State Railways hopes to complete a FFr 60m (£5.15m) deal for new phosphate wagons from France that will be half paid for in phosphate rock that the JPMC will sell to French customers.

In another deal, Japanese buyers have agreed to take an extra 100,000 tons of rock a year after a Japanese company won the contract to expand a cement factory near Amman. This Japanese arrangement will be repeated in future, as the Jordanian Government starts applying more widely its recent decision to award major contracts to companies from countries that agree to increase their purchases of Jordanian phosphates.

"We are forced to offset our imports from major industrial states with sales of phosphates or other minerals we produce," Dr Azar said in an interview, "otherwise we will find ourselves in the future with an enormous balance of payments problem."

The JPMC's three mine sites and existing transport and storage facilities are capable of producing 7m tons a year. Current production makes Jordan one of the non-Communist world's major phosphate exporters, along with Morocco, the U.S. and Canada. But expansion plans now being prepared will open a major new mine at Shidiya, in southeastern Jordan. It will start producing 3m tons a year by the end of this decade, reaching a maximum of 9m tons per year by the late 1990s.

The Shidiya project, being prepared by a consortium led by Sofremines, of France, should strengthen Jordan's role as a phosphate rock exporter by the next decade.

The cost of the Shidiya project, including transport and townsite infrastructure and additional domestic processing facilities to transform the raw rock into chemical fertilisers, may cost as much as $550m over the next decade.

The prospects for more barter deals are enhanced by the high quality of the Jordanian rock, both because of its high tricalcium phosphate content and its low impurities.

Airbus sets up office in Montreal

By Bernard Simon in Toronto

AIRBUS INDUSTRIE is setting up a permanent office in Montreal to promote sales of its aircraft to Canadian airlines.

The company so far has only one Canadian customer, the Edmonton-based charter carrier, Wardair, which has ordered six A-310 aircraft. An official of Airbus's North American subsidiary, based in New York, said the company "sees prospects" of sales of the new 150-seat A-320 model to the state-owned Air Canada. According to the official, other potential customers include two regional carriers, Pacific Western Airlines and Quebecair.

An Air Canada official said no negotiations are taking place with the European consortium. The airline resisted efforts a few years ago by then Prime Minister Pierre Trudeau to place an order with Airbus, and is presently taking delivery of a dozen Boeing 767s. Pacific Western also recently bought a number of Boeing 767s.

The Canadian Government earlier this year turned down an approach by Airbus to participate in the A-320 manufacturing programme. The cost of involvement was considered too high and the troubled local manufacturer, de Havilland, was already fully occupied with its financial problems and the development of a new commuter aircraft.

● Boeing of the U.S. has won another major order for its advanced 737-300 twin-engined jet airliner—for 24 aircraft, with options on another 21 from Texas Air Corporation of the U.S., Our Aerospace correspondent writes. The deal is worth about $600m (£496m) including spares.

Technimont wins Indian plant order

Technimont, an engineering subsidiary of Italy's Montedison chemicals group, has received a contract for the construction of a polypropylene plant in India, AP-DJ writes from Milan. The company said the plant, which is designed to produce 60,000 tonnes of polypropylene a year, will require a $60m investment. The contract was awarded to Technimont by the Indian Petrochemical Corporation.

The plant will make use of Montedison's Speripol polypropylene producing process, and of high-yield catalysts jointly developed by Montedison and by Mitsui Petrochemical of Japan.

Malaysian free port challenges Singapore

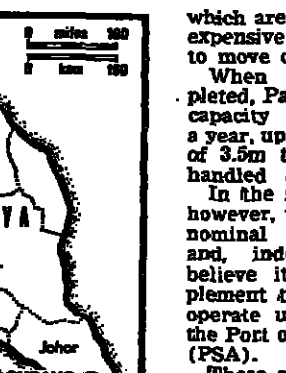
BY WONG SULONG IN KUALA LUMPUR AND CHRIS SHERWELL IN SINGAPORE

THE MALAYSIAN port of Pasir Gudang has begun business as a free port.

The order for a free port was made by Dr Mahathir Mohamad, the Prime Minister, who had earlier expressed strong displeasure that more than a quarter of Malaysia's exports of $13.7bn for last year was sent to Singapore for re-export. Singapore which faces Pasir Gudang, across the Johore Straits, vies with Hong Kong as Asia's busiest seaport.

Dr Mahathir described the situation as "both an insult and an injury" to Malaysia, and blamed Malaysian traders for their complacency in allowing this practice to continue.

The move means that Malaysian shippers will be able to store their goods at Pasir Gudang while waiting for prices of any particular commodity to pick up before exporting.



The port will soon be the scene of a $70m expansion plan, which will add three wharves, a container terminal as well as a rail link to the Malaysian hinterland by next year. It is also hoped that those industries which are finding Singapore too expensive will be encouraged to move over.

When expansion is completed, Pasir Gudang's handling capacity will be 7.6m tonnes a year, up from current capacity of 3.5m tonnes. Last year, it handled about 3m tonnes.

In the short-to-medium term, however, the port poses only a nominal threat to Singapore, and, indeed, many shippers believe it will serve to complement the five gateways that operate under the auspices of the Port of Singapore Authority (PSA).

These are the Tanjong Pagar container terminal; the Keppel Wharves, Sembawang Wharves and Pasir Panjang Wharves and Jurong Port.

Including oil terminal throughput, the PSA handled 108.3m freight tonnes of cargo in 1983, up 5 per cent from 1982. A total of 63.5m tonnes was oil-in-bulk.

A greater proportion of last year's cargo increase came from general and bulk cargo rather than oil, and the container terminal recorded the biggest increase in volume (22 per cent).

Singapore's port revenues last year were S$3.6m (£1.3m) and its net surplus after expenses from port operations was S$2.27m.

As a proportion of Singapore's port activities, only a part of the overall 22.5 per cent of Southeast Asian goods moved through it. Most of Singapore's other shipments are oil originating in the Gulf (30.16 per cent) and oil, commodities and manufactured goods originating in or bound for China, Hong Kong, Japan and Taiwan (24.5 per cent). Other seaborne goods involve Australasia (5.25 per cent), Europe (4.9 per cent), North America (4.7 per cent) and South Asia (3.4 per cent).

Spanish gypsum dumping alleged

By Paul Cheeseright in Brussels

GYPSUM INDUSTRIES, the Irish plasterboard producer, has moved to safeguard its position on both the Republic and Northern Ireland markets by launching an anti-dumping complaint against Spain.

In EEC terms, Gypsum Industries covers only a small part of the market, but it claims that Ireland and Northern Ireland together constitute a separate market from that of the rest of the EEC. Further all Gypsum's output is sold in this separate market.

Gypsum's complaint is that until this year there was no Spanish presence on the Republic or Northern Ireland market. But in the second quarter of 1984, Gypsum alleges, Spanish plasterboard imports took 10 per cent of the market at prices 20 per cent less than Gypsum's.

British electric van tested in Hong Kong

British hopes of exporting battery-powered delivery vans were given a boost yesterday when China Light and Power, one of Hong Kong's two electric utility companies, bought one for a three-month testing programme, David Dodwell reports from Hong Kong.

China Light said it will be testing a General Motors Bedford CF van, a battery-driven vehicle with a pay load of 1 ton which has been developed in a joint venture between Bedford Commercial Vehicles, the UK company controlled by General Motors of the U.S., and Lucas Chloride of the UK.

Bechtel awarded Egypt contract

By Tony Walker in Cairo

BECHTEL CORPORATION, the large U.S. engineering group, has been awarded a management contract for the construction of a new oil refinery at Assuit in Upper Egypt.

The contract for the $300m refinery underlines Bechtel's continuing success in Egypt. It is overseeing a large power generation project at Shubra, near Cairo, and recently completed work on an oil drilling platform in the Red Sea.

A Bechtel spokesman said the company was told last month by the Egyptian General Petroleum Corporation (EGPC) it had been selected to manage construction of the Assuit refinery which will have a capacity of 50,000 barrels a day.

He said Bechtel had not been involved in design work for the project which was done by Petrojet, an EGPC subsidiary. Products from the refinery, which will draw its crude oil by pipeline from Ras Shukeir on the Red Sea, will be divided between fuel oil and middle distillate.

Swiss group to supply pumps for Saudis

The Swiss company Sulzer Brothers has been awarded a SwFr 23m (£7.36m) contract for four pumping stations by the Saline Water Conversional Corporation, of Riyadh, John Wicks writes from Zurich. The order, which excludes pipeline and valves, concerns the Makkah-Taif stretch of the company's water supply system, currently being built by the South Korean contractor Halla Construction.

● The Swiss-American bio-engineering company Biogen has announced the signing of a agreement with the Wellcome Foundation, of London, for the marketing of Biogen's Hepatitis B vaccine in major world markets.

Singapore moves to cancel Sri Lankan air agreement

BY CHRIS SHERWELL IN SINGAPORE

THE SINGAPORE Government has served notice on Sri Lanka that the 1979 air services agreement between them is to be terminated, raising the prospect of an end to all services between Singapore and Colombo one year from now.

At the same time Singapore International Airlines (SIA), the island states's national flag carrier, is threatening to make its campaign for an extra three services to Australia a government-to-government issue.

Both moves result from growing frustrations for SIA in lengthy negotiations with Air Lanka and Quantas, and highlight persistent differences over airline competition in Asia.

The fundamental issue in the Air Lanka dispute concerns ratification of the 1979 agreement, which Air Lanka says has operated unfairly against it because third party restrictions have rendered it unable to use its rights beyond Singapore.

Air Lanka, saying the agreement hasn't been ratified, has wanted SIA to reduce its four flights a week through Colombo by stopping Gulf services, ending a Copenhagen flight and dropping one of two Amsterdam services. The Sri Lankan airline has found the Gulf profitable because Sri Lankans work there, and now has its own Copenhagen service.

At four meetings this year, SIA has refused these demands, saying the 1979 agreement should be renegotiated. It has said it is ready to freeze its already limited services through Colombo, and would grant Air Lanka's request to introduce Singapore on its new Colombo-Tokyo route even though the present pact excludes this.

The latest action last Friday by the Singapore Government halts these exchanges and means a completely new agreement must be renegotiated or services between Singapore and Colombo will end in a year's time. Meanwhile, a cooling-off period is likely to be needed before any fresh talks get under way.

In relation to Qantas, Australia's flag carrier, Singapore wants to increase its current 10 flights a week under the existing 1982 agreement to 13. Qantas currently has 18 a week to Singapore, 10 of these to points beyond.

Representatives of the two airlines last met in March, and the matter is clearly stalemated. Qantas, evidently reluctant to grant the extra flights on such competitive routes, wants proof of "consistent growth" in demand. SIA reckons it can demonstrate this from the pattern so far in 1984, and is ready to take the matter higher.

SIA also maintains that there is an imbalance in the existing pact, in that Qantas has far greater latitude in its rights beyond Singapore than SIA has in its rights to service Auckland in New Zealand three times a week.

No new talks are currently scheduled, but as part of its campaign SIA has this week flown in a group of Australian journalists to hear things for themselves. SIA representatives say there is no question of the dispute taking on the character of the Air Lanka controversy.

UK NEWS

Six-month borrowing total moves close to target for year

BY PHILIP STEPHENS

BRITAIN'S public borrowing amounted to £633m in September, taking the total for the first six months of the present financial year to £7.17bn, just below the £7.25bn target set by the Government for the full year.

Last month's figure, however, was below most and the Treasury remains convinced that the Government's finances will be roughly in balance for the second half of the year, allowing the borrowing target to be met.

The Treasury appears resigned to an overshoot in public spending, which will more than wipe out the £2.75bn set aside in the budget as a contingency fund.

The mounting cost of the miners' strike, high local authority spending, and above-target national health service pay awards have already swallowed most of the reserve.

But officials believe overrun is likely to be matched by higher-than-expected oil revenues caused by the fall in the value of the pound against the dollar since the start of the financial year in April.

The effect of sterling's depreciation is seen in September's figures for Government oil revenues, which jumped to £1.54bn compared to only £848m in the same month in 1983.

The Government's income over the next six months will also be boosted by the flotation of British Telecom, a £500m rebate from the European Community, and the bringing forward of some value added tax payments.

British Telecom warns unions of compulsory redundancies

BY DAVID GOODHART, LABOUR STAFF

THE BOARD of British Telecom (BT) has delivered a stern warning to its unions that it must start to expect some compulsory redundancies in the next few months. The state-owned corporation is due to be privatised in November with a stock market flotation.

Although 15,000 jobs have been shed at BT in the last three years, they have all come through natural wastage. Compulsory redundancy has been unknown in the corporation.

In an interview with the Financial Times, Mr Mike Bett, corporate director of personnel, said: "There are places, particularly in the more isolated areas, where all the most imaginative retraining and redeployment plans will not be enough and we will be faced with the stark reality of compulsory redundancy. I do not want to run away from this."

BT's biggest union, the 125,000-strong Post Office Engineering Union (POEU), has had sindc 1979 a job security agreement (JSA) which formally rules out compulsory redundancy.

The JSA is an agreed selection of means – including retraining and redeployment – for avoiding redundancy. A "force majeure" clause also states, however, that in the event of a major manpower problem arising from causes outside BT's control, the "no compulsory redundancy" agreement might have to be reviewed.

The senior management does not apparently wish to invoke that clause, but it does want to renegotiate the agreement by, for example, making voluntary redundancy the first, rather than the last, option.

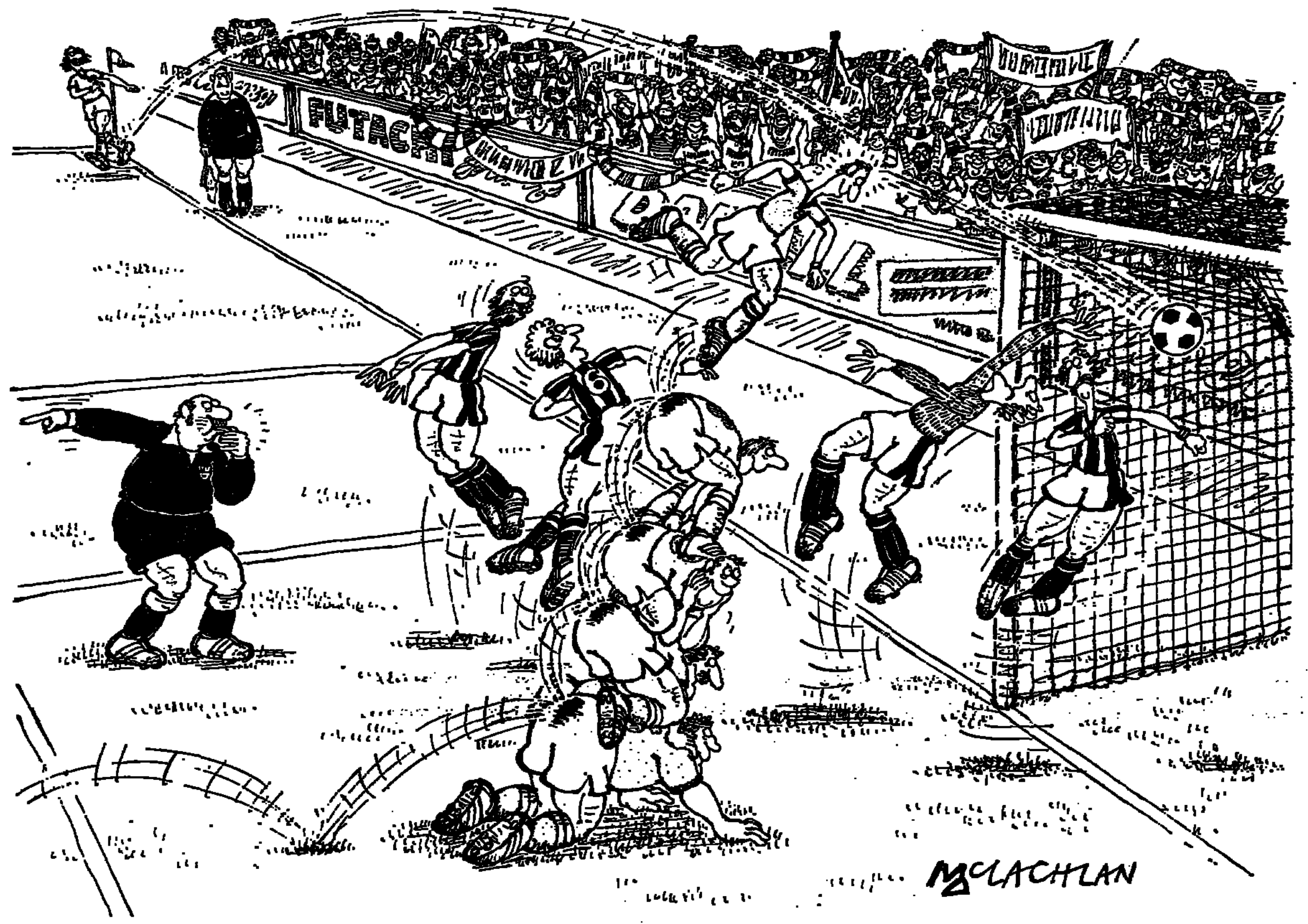
Mr Bett said: "If the POEU insist on a rigid and obstructive interpretation of the JSA, we will have no alternative but to give them notice."

Some observers believe BT's present staff total of 240,000 makes it 20 per cent overmanned compared with the best practices in other countries. The corporation will certainly be looking to continue its 5,000 a year cut.

That will, however, become increasingly difficult. The recent cuts – the product of "good housekeeping" – have come simply from non-replacement of many of the 11,000 annual voluntary leavers, the virtual ending of apprenticeships, and the improvement of the redundancy and early retirement terms.

The next stage of redundancies – which will not seriously bite for five or 10 years – will come from new technology and changes in working practices. BT wants to reduce numbers as far as possible now to minimise the impact at the next stage.

The jobs most under threat are in installation work, exchange maintenance, clerical work and the computerisation of directory inquiries.



Lear Fan aircraft cleared to start U.S. flight tests

BY PAUL TAYLOR IN NEW YORK AND OUR BELFAST CORRESPONDENT

THE CONTROVERSIAL Lear Fan aircraft, which is planned to be built in Northern Ireland with more than £50m of UK taxpayers' money has received technical approval from the U.S. Federal Aviation Administration (FAA).

The revolutionary business aircraft is built of advanced composite materials and has a single propeller at the rear.

The FAA type inspection authorisation (TIA) – a crucial first step towards full certification for the aircraft – came after a series of delays which have at times appeared to put the project in jeopardy.

The type inspection authorisation signifies the federal agency's approval of technical data and is seen as a big step towards type approval, which would open the way for volume production of the aircraft. The data were submitted by the company, which is based in Reno, Nevada, and 85 per cent owned by Saudi Arabian investors.

The Lear Fan aircraft, the dream of the aviation pioneer Mr William Powell Lear, is the first business aircraft using advanced composites – plastics – for all its structural components to receive type approval from the FAA.

Lear Fan hailed the approval, which opens the way for the FAA to begin flight testing the aircraft, as "a milestone."

Mr Bob Burch, chairman and chief executive of Lear Fan, said the FAA approval marked "the most significant technological advencement to occur in the general aviation industry since the turbine engine over 20 years ago."

The FAA decision is likely to revive hopes that the aircraft will be built in volume at its Northern Ireland production plant where 320 workers were laid off in August, leaving only a skeleton staff.

Lear Fan said yesterday it hoped to receive a type certificate for the aircraft in January. That would allow volume production to start in mid-1985, with customer deliveries in early 1986.

The unions representing the redundant Lear workers said yesterday questions remained to be answered. They feared the company might locate its main factory in the U.S. and produce only components in Northern Ireland.

The UK Government said in May its agreement with Lear Fan required the company to develop its principal manufacturing facility in Northern Ireland. The Industrial Development Board for Northern Ireland (IDB), which monitors the project, declined to comment yesterday on whether it was satisfied with the present degree of commitment by Lear Fan's backers.

It is understood that the IDB is still seeking clarification about the company's intentions. This clarification might be demanded before the Government hands over £7m which remains to be paid out of the agreed public funding for the venture.

Creda to make Hitachi cookers under licence

BY LORNE BARLING

TI CREDA, one of the UK's largest domestic appliance producers, has concluded an agreement with Hitachi of Japan to manufacture microwave cookers under licence at its Staffordshire factory.

From the middle of next year Creda will make the cookers for both companies at the rate of about 100,000 a year, meeting fast-growing demand both in the British and European markets.

Microwave systems are now said to be outselling conventional cookers and it is estimated that more than 1m will be bought in Britain next year.

Creda also announced yesterday that it would be launching a total of 32 new products over a 12-month period, involving considerable investment in new tooling and manufacturing equipment.

About 85 per cent of microwave cookers sold in the UK are imported, mainly from the Far East. At present, Hitachi products are being imported by Creda.

Mr John Winnett, chairman of Creda, said: "Demand for microwave cookers is now beginning to outstrip supply, and Hitachi technology in this field is about the best there is." He added that there was scope for further collaboration, since it was likely that microwaves would probably be used within conventional cookers before too long. There was also an opportunity for exports to Japan.

Mr Winnett said that Creda was investing several million pounds in its new product range, which had been developed over a short period of time with the aid of computer-aided design techniques. The company employs 2,300 people, mostly at its Staffordshire plant, and has a turnover of about £100m a year.

Gore in £30m project

FINANCIAL TIMES REPORTER

W. L. GORE, of Newark, Delaware, yesterday announced a £30m plan which could create up to 900 high technology related jobs in Dundee, a part of Scotland which has been hit hard by the decline of its traditional jute and jam-making industries.

In the first £10m phase of its plan the company is to construct a factory to manufacture special coaxial cable suitable for defence and other radar operations.

Two further expansions, each costing £10m and creating a total of 400 *jobs by 1990, will take in the* manufacture of health care products. Gore says that a further 300 jobs are likely to be created in companies supplying goods and subcontracting services.

The plants will be established in the Dundee Technology Park, as a joint project between the Scottish Development Agency, Tayside Regional Council and Dundee District Council.

Gore recently started construction of a plant producing special coating material for containers which carry highly corrosive liquids.

Rank sells portfolio of properties for £93.5m

RANK ORGANISATION, is to sell a £93.5m portfolio of investment properties to British Land, as part of a policy aimed at revitalising the group, Michael Cassell writes.

The sale will leave Rank with about £70m worth of investment property outside the UK. Under the deal, Rank City Wall and its subsidiaries will be sold for £42m to British Land, made up of £36m for the share capital and £33m to repay City Wall debts to the Rank group.

In addition British Land, which is one of the UK's largest property companies, will assume £14m of long-term loans and other liabilities of £5m.

Net proceeds of the sale, together with the repayment of group loans and the reduction in external liabilities will amount to £68m representing a discount of £25.5m (27 per cent) on Rank City Wall's gross property assets.

In the year to October 1983, pre-tax profits of Rank City Wall amounted to £3.1m.

Sir Patrick Meaney, chairman of Rank, said it was planned to redeploy resources into higher yielding assets, mainly in the services, leisure and leisure-related sector. British Land's property assets will grow to more than £340m.

□ **VAUXHALL**, the General Motors subsidiary, introduced car price increases averaging 3.6 per cent. It also announced that its full range of UK saloons would have the Vauxhall badge, with the top-range executive car being marketed as the Vauxhall Senator instead of as an Opel.

The Opel badge in Britain will be retained only on the sporting cars produced by Opel, Vauxhall's sister company based in West Germany.

□ **LORD WHITELAW**, the Deputy Prime Minister, said the Government would make public the main recommendations of the police inquiry into the IRA's attempt to assassinate the Cabinet in Brighton last week.

Four people were killed in the bomb explosion and Mr Norman *Tebbit, the Trade and Industry* Secretary, is still in hospital with rib and leg injuries.

□ **BUILDING** societies last month attracted the highest level of net receipts from savers since February.

The societies – which lend money for house purchase – expect September's inflow to be surpassed this month.

The recovery from net receipts in August, which were the lowest for three years, has prompted hopes of a cut in mortgage lending rates. But most societies do not expect a reduction until the new year.

□ **RECEIVERS** at Coles Cranes, the mobile crane-making subsidiary of the defunct Acrow group, told local union officials that they were close to selling the company to a U.S. concern. The name was not disclosed.

Coles, which employs 900 at Sunderland in north-east England, has an asset value of £31m. The receivers are continuing discussions with the directors on a possible management buyout in case the proposed sale falls through.

□ **THE *GOVERNMENT*** confirmed that it would abolish the larger part of the special grant which it pays local authorities for the support of public transport and expenditure on roads. The changes will take effect in the next financial year. The grant is about £400m in the current year.

UK NEWS

Talbot UK sees early return to profit

BY ARTHUR SMITH, MIDLANDS INDUSTRIAL CORRESPONDENT

TALBOT UK, the subsidiary of Peugeot of France, is trading profitably and should finish the year at or near break-even, Mr Geoffrey Whalen, the managing director, said yesterday.

He was optimistic about continuity of Britain's biggest single motor industry export contract – the £125m-a-year deal to supply car kits to Iran. Disruption of that contract was given as the reason for a dip into the red by Talbot in the first six months of this year.

Deals in letters of credit from Iran forced Talbot to lay off 750 workers for six weeks, and full production was resumed only in September. As a result, Talbot, which realised its first profit for a decade in 1983, lost £1.8m.

Mr Whalen said he was confident of the long-term future of the contract after recent top level talks with the company that assembled kits based on the old Hillman Hunter model. Payments were coming through smoothly and no further problems were expected.

Not only did the Iran contract provide direct employment at Talbot's Stoke engine plant at Coventry, but a further 4,000 jobs were created among components suppliers.

Mr Whalen was confident the contract would offer good business for many, many years: "People say it can last only another five years. I don't agree. I am not able to put a time limit on it, but this is a car for which there is a pent-up demand. It has a long-term future."

No decision had yet been taken on whether the new car planned to be built next year, 1985, at the Ryton assembly plant at Coventry, would be sold under a Talbot marque or under the name of Peugeot. The C28, a medium-sized car, is the first of a family of models which hold the key to Talbot's UK assembly operation. The £20m investment is getting under way at Ryton ready for the volume production in the autumn of next year.

Mr Whalen said the Ryton labour force, which had been slimmed marginally through natural wastage, would be held at about 1,200 over the interim period, even though the factory had just cut weekly output from 650 to 500 cars.

Once the C28 comes on stream, weekly output is expected to climb to at least 1,000 vehicles a week. Mr Whalen emphasised the importance of "keeping faith" with the workforce during the difficult times. Talbot, once at the head of the motor industry pay round, secured an 18-month deal in 1980 to put it firmly in the rear. The review date for Talbot's 6,000 workers is January next year.

● Lotus, the UK maker of high performance cars, will unveil its 170mph Etna at the motor show in Birmingham this week. The car will go into production in 1988.

The company said it was negotiating to supply a major U.S. manufacturer with the four litre V8 engine, of all-Lotus design, which powers the Etna. This contract would enable Lotus to put the engine into commercial production.

Dealer incentives attacked, Page 12

ESTATE MAY FACE £21m TAX SETTLEMENT

Revenue wins ruling on Clore domicile

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE INLAND Revenue has won a victory in its legal battle to tax the worldwide estate of the late Sir Charles Clore, the British businessman and founder of the Sears Holdings group who died in 1979. The estate is estimated to be worth more than £100m.

A High Court judge in London ruled yesterday that Sir Charles was domiciled in England, both in February 1979 when he established a Jersey settlement to which he transferred most of his wealth and when he died in July of that year.

Although Sir Charles spent his last years in unhappy tax exile, living mostly in Paris or Monaco, he never, as others interested in his estate contend, acquired domicile in Monaco, Mr Justice Nourse held.

The effect of this ruling is that the Revenue is indisputably entitled to capital transfer tax estimated at £21m on Sir Charles's English estate, which was thought to be worth about £27m at the date of his death. Its present value is nearer £40m.

The ruling also means that, under English law, the Revenue is entitled to tax on the value, at Sir Charles's death, of the remainder of his worldwide estate, most of it in Jersey but some in New York and Hong Kong.

The matter is, however, complicated by concurrent litigation over the Clore estate in Jersey – a totally separate legal jurisdiction, where the court takes note of English court rulings but is not bound by them.

Next week the Royal Court in Jersey is due to hear a claim by Sir Charles's son, Mr Alan Clore, that his father died domiciled in Monaco.

That hearing is part of Mr Clore's challenge to the validity of Sir Charles's principal will, which left all his estate outside Monaco to charities. The Monaco estate was left by a separate will, also being challenged by Mr Clore, to Sir Charles's daughter, Mrs Vivian Duffield.

The Revenue has no legal standing in Jersey, and its ability to levy tax on the bulk of the estate will depend on the Jersey court's decisions on domicile, who is entitled to administer the estate and whether Jersey law permits assets there to be used to satisfy a UK tax claim.

Neither Mr Clore nor Mrs Duffield took any part in the High Court hearing. It was left to counsel for the assignees of any interest that Mrs Duffield might have on an intestacy to point to evidence suggesting a Monaco domicile.

Mr Justice Nourse said that Sir Charles had been a man of remarkable achievements. The sixth son of a Jewish refugee from Czarist Lithuania, he had, by the late 1950s, through exceptional business acumen and hard work, attained vast riches and a unique reputation as the pioneer of the company takeover.

He engaged in the pursuits of a wealthy country gentleman. He was an enthusiastic shot, and his racing colours were familiar on the turf in England, Ireland and France. He was by inclination both social and sociable and an indefatigable traveller.

But in the last two or three years of his life, as he lived in unhappy tax exile, his life changed greatly.

"Able, restless, cerebral without being intellectual or cultured, dutiful in religion but not spiritual, sometimes on the edge of loneliness or boredom; the impression is of a final period of unhappiness and doubt," the judge said.

Sir Charles had left England in 1977, finally oppressed by the fact that the top rate of tax on unearned income was 98p in the pound and that he could not sell securities without incurring substantial capital gains tax.

He acquired a "carte de séjour" in Monaco and spent about a fifth of his time there. He bought and improved an apartment in Monte Carlo at a cost of about £2m, into which he moved some of his paintings and objets d'art, and he made a Monaco will.

All that suggested he intended settling in Monaco, but a different impression was given by his close friends. Their evidence was that he had been unhappy and bored in Monaco and had contemplated returning to live in England, regardless of the tax consequences.

Warning over Heathrow freight delays

Financial Times Reporter

IMPORTERS using Heathrow (London) Airport were given a warning yesterday that airlines might be forced to suspend freight traffic if delays arose as a result of new rules affecting VAT import charges.

New regulations come into force at the end of this month. They have already caused confusion among importers and freight forwarders who say that the switch over to a new accounting system could cause serious congestion at ports and airports.

Mr Peter Jones, operations manager of Atlasair, air freight forwarders, said yesterday that imports through Heathrow were running at record levels.

● Philippine Airlines was not given an opportunity to answer allegations that it was abusing its permit to fly into Heathrow Airport, London, the Court of Appeal said yesterday.

That failure on the part of the Secretary of State for Transport invalidated his decision to reduce the airline's permitted flights into Heathrow from three to two a week, the court ruled by a 2-1 majority.

The appeal judges were giving reasons for their decision in July to quash the Transport Secretary's decision.

Lord Justice Lawton said that in 1981 Philippine Airlines had been given a permit to operate three flights to Heathrow, but until last year used only two.

It then decided to bring in the third service from March this year – only to be told that its permit was to be revoked and replaced by one for two flights a week, because it was breaking an air service agreement.

The transport department's international aviation directorate alleged that the airline was breaking the UK-Philippines air service agreement by carrying to London a substantial number of passengers who had started their journeys in Australia, rather than Manila. In fact, said Lord Justice Lawton, the directorate's view was based on inaccurate and unreliable figures.

Treasury concerned by export subsidy costs

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE EXPORT Credits Guarantee Department (ECGD) is expected to run up a deficit of between £600m and £700m over the next two to three years, according to Treasury calculations.

This emerged at a seminar yesterday run by the Public Finance Foundation on the future of support for the capital industries.

A major difference of view emerged at the seminar between the Department of Trade and Industry and the Treasury about the future of ECGD and other forms of export assistance.

The Treasury view, expressed in an interdepartmental report co-ordinated by Mr Ian Byatt, the Treasury's deputy chief economic adviser, is that export subsidies are of questionable value to the economy as a whole.

Mr Byatt defended his report, published earlier this year, on the general grounds that the benefit of subsidies to exporters had to be balanced against the burden of extra taxation which would be needed to pay for the subsidies.

He questioned the argument that in the longer term subsidies created or preserved jobs. Subsidies might create jobs in a particular sector, but higher taxes would squeeze out jobs elsewhere in the economy.

He said there was also a question whether orders received with the help of export credits brought additional business to the UK, or whether some of the business would have been won without subsidy.

The Treasury's anxiety about the subsidies has clearly been sharpened by the prospect of mounting costs during the next few years. In the last financial year, the ECGD made a small repayment to the Treasury. This year, however, it is expected to need to borrow up to £200m to reach peak cumulative borrowings of £600m to £700m.

The Treasury's scepticism about the value of export subsidies has been vigorously combated by the Department of Trade and Industry.

Although there is no disagreement in Whitehall that all countries should agree to get rid of subsidies in a "multilateral disarmament," some officials feel strongly that British industry should not be put at a disadvantage because of the practices of other countries.

Mr Christopher Benjamin, Under-Secretary at the department, told the seminar said that export subsidy was a potent form of support to industry. There was plenty of evidence that companies which won an initial order with the aid of subsidies often obtained substantial unsubsidised follow-on business.

Tobacco curbs sought

BY LISA WOOD

THE BRITISH Medical Association (BMA), the country's main professional body for doctors, yesterday called on the Government to ban tobacco advertising and sponsorship, worth more than £100m a year.

The BMA, in launching a campaign against advertising promotion by the industry, said about 100,000 people a year in Britain died prematurely because of tobacco-related illnesses.

Dr John Havard, secretary of the BMA, said: "The tobacco industry spends millions of pounds employing advertising, public relations and promotional experts to help them promote a product we know – and they should know – is directly responsible for disease, illness and death."

He described the present code on advertising as a "farce" and said he had written to the Government asking for the introduction of legislation to control tobacco advertising and sponsorship and the introduction of "realistic" health warnings.

"We intend to push to outlaw tobacco advertising and tobacco sponsorship," he said.

The partnership at work, from left: Sandor von Balluseck, Country Corporate Manager and Simone Ouzon, Relationship Manager with Mr René Gicquel, Finance Manager for Club Méditerranée.

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UK NEWS

Singapore edition for Express newspaper

By Chris Sherwell

THE EXPRESS newspaper group is to print a Sunday "satellite" Express in Singapore for distribution in the Far East, starting on November 4.

The venture underscores the business opportunities opened by modern satellite communications and Singapore's substantial printing facilities.

The Singapore edition will comprise 56 pages – 48 tabloid-size taken from six daily editions and eight full-size from the Sunday edition wrapped around them. The paper will be distributed to Hong Kong and Australia as well as Singapore and Malaysia.

Readers in South-East Asia – expected to be mainly expatriates – will be able to read the Sunday pages before British readers wake up. If circulation reaches 5,000 in a one-month trial, the operation will be regarded as worthwhile and a larger readership will be sought.

The arrangement is the result of an active search for clients after the establishment of a satellite link by a joint venture between R. R. Donnelley of Chicago and Times Printers of Singapore.

Times Printers is part of the newly-created Singapore Press Holdings which will result from the merger of the country's major newspaper and publishing interests. It will be responsible for printing the Express, while Changi International Distribution Services will handle mailing and air freight.

Car sales incentives attacked

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

A SQUABBLE over the methods some car makers are using to preserve their market shares threatens to cast a shadow over the Birmingham Motor Show, which opens later this week.

Mr Peter Beaumont, managing director of Colt Cars, the company which imports vehicles from Mitsubishi, in Japan, brought the matter into the open yesterday when he claimed that during the last few days of September, more than 17,000 Ford cars were registered, compared with just over 25,000 in the past 20 days, while Nissan registered 60 per cent of its total September sales in the last 10 days of the month.

Mr Beaumont said he was concerned about the techniques used by companies to maintain a market share and "perhaps influence peoples' attitudes towards the success, or otherwise, of a model."

Ford had a dealer incentive campaign which offered extra bonuses on the Sierra model. This came to an end in September. Ford's rivals suggest the company's dealers registered cars to win their bonuses even though they had no customers for the vehicles, which were then used as demonstrator models or sold through auction.

Ford is not alone in using this kind of campaign. One scheme by Austin Rover, the BL subsidiary, resulted in the company gaining nearly 40 per cent of the market in the first 10 days of October in time to give it the opportunity to boast about the achievement during the show.

Mr Sam Toy, chairman of Ford of Britain, said yesterday: "You always get an explosion in registrations at the end of an incentive programme. Our dealers are very aggressive so they close a campaign more strongly than others." He denied that the process had any damaging effect on the values of used models.

Mr Toy said there were indications that all the car makers were taking a more sensible approach, and that extra bonuses to dealers would gradually become smaller and smaller until they disappeared.

He indicated that Ford's present campaign was "low key" and affected Granada, Capri and Fiesta models. The 1985 Sierra was being supported only indirectly in that its price had not been lifted.

Ford is considering expanding the capacity of its new car diesel engine plant at Dagenham, near London, because sales have been well above expectations. Ford spent about £100m to bring the 1.6-litre engine to the market this year. Initial capacity at Dagenham is 150,000 engines a year, but this could be increased by a further 50,000. The engine is mainly used for cars in the West German, French and Italian markets.

Wider powers urged for fund managers

BY GEORGE GRAHAM

UNIT TRUSTS could be given a marvellous opportunity in the forthcoming government White Paper (policy statement) on investor protection to widen the powers of managers. Mr Stuart Goldsmith, managing director of Britannia Group, said yesterday. Returns for investors could then be improved without significantly increasing the risk.

Mr Goldsmith suggested that money and foreign currencies were the two main areas, at present barred to unit trust investment, where managers could be safely permitted to invest.

He was speaking on the second day of a conference on "Unit trusts – a major force in international investment," sponsored by the Unit Trusts Association and the Financial Times in association with Money Management.

Mr Goldsmith, noting the existence of offshore money funds and high interest bank accounts, said that there were already, in effect unitised money market funds: "I do regard it as something of an anomaly that we cannot structure them in the form of an authorised unit trust."

Fund managers should also be permitted to use new hedging techniques to protect their units, Mr Goldsmith said. Back-to-back loans to protect against currency fluctuations were introduced at the time of exchange controls. Although futures dealings and currency options were at the moment expensive, forward currency sales offer a far more convenient hedging instrument.

They should only be used in a conservative way to match securities that occured naturally in the portfolio of the particular fund and not just for speculative positions. With the same safeguards, he said, stock index futures and options could also be adopted.

FINANCIAL TIMES
Unit Trusts
CONFERENCE

Mr Bill Stuttaford, chairman of Framlington Group, said he would use neither index futures nor interest rate futures. "The really important thing is to get the shares right," he said.

He regretfully accepted the need for currency hedging. "We ourselves in my group believe that our unitholders judge us on our performance in sterling terms and would not forgive us if all our success in finding good investments was dissipated by a fall in currency."

Mr Stuttaford warned against over-trading: "Sitting in your office all day you have to be very tough to resist all the tempting shares offered to you," he said. "If you are doing another job, and doing this as your hobby at 4.00 in the afternoon, you would probably have a much better performance."

Miss Audrey Head, chairman of the Unit Trust Association and managing director of Hill Samuel Unit Trust Managers, cautioned that putting unit trusts under the umbrella of a wider self-regulatory agency might "have the perverse effect of making control more difficult."

A broader agency could, however, have beneficial effects in the sphere of professional competence. "It may well be that many of our problems would be more easily souble if investment management became a formally constituted profession," she said.

Mr John Kay, director of the Institute of Fiscal Studies, said that the "unexpected success" of the 1984 budget has led the Treasury to think of further steps towards the concept of fiscal neutrality. "The pattern of savings and investment is grossly distorted by the tax system," he said. "The pattern is so variegated, so random, that removing one fiscal privilege may or may not reduce the distortion."

Mr Kay said that little substantial change was likely on the two most prominent candidates for reform, tax relief on mortage loans and pension funds. Removing relief on mortages had been firmly vetoed by 10 Downing Street, while changing the tax treatment of pensions equitably and without some retrospective effect would be very difficult. It would probably yield only small increases in tax revenue.

Investment advisers should receive their fees from unit trust managers rather than from the investor, Mr John Greener, managing Director of Richards, Longstaff, said. "An investor does not like paying fees out of pocket."

Mr Greener suggested that there would be pressure for unit trusts to reduce the bid-offer spread in the pricing of their units. Dependent on this, introductory charges could be reduced and annual fees increased; investment advisers, meanwhile, would take less commission on the initial sale but would "participate in the annual management fee."

Mr Philip Stevens, director of investment management services at Hambros Bank, said the proposal that investment advisers should be paid annually by unit trust managers was tantamount to concealing the charge from the client.

Mr John Fairbairn, deputy chairman of M&G Securities, described the suggestion as interesting. "But why should we pay for a service you are providing for your client, not for us?"

The conference included a panel discussion of new marketing developments for unit trusts with Mr David Bernstein, chairman of The Creative Business, Mr Brian Brown, managing director of TSB Trust Co, Mr Jamie Berry, director of Berry Asset Management, and Mr Ian Sampson, managing director of Schroder Unit Trust Managers.

FINANCIAL TIMES SURVEY

Wednesday October 17 1984

Today marks the inauguration of Mobil's Beryl B platform in the North Sea. Developed at a cost of £400m the project was brought on stream ahead of schedule in July and within budget

Beryl B

At peak, 5,000 jobs provided

The Beryl B platform inaugurated today represents the biggest commitment to the UK sector of the North Sea made in recent years by Mobil, the world's third largest oil company.

It will join its sister platform Beryl A in the work of producing oil from the Beryl field, 170 miles north east of Aberdeen. Beryl B is designed to extract 300m barrels out of the 800m stated reserves of the field.

BY DOMINIC LAWSON

Beryl B is at present producing about 40,000 barrels of oil per day, although it has the capacity to produce up to 100,000 b/d. According to Mobil, between them, the two Beryls will ultimately bring to the surface about 135,000 barrels of oil every day. That is nearly 10 per cent of this country's total daily needs."

"Beryl B is a 'plain vanilla' platform," says Mr Phil Irwin, Mobil's second in command in charge of its UK exploration and production, "but it does have some innovations and we're proud of it." Perhaps Mobil's greatest pride is in the fact that, at a development cost to date of about £400m, Beryl B has been installed ahead of schedule and under the cost forecast when development started in 1979. At peak, Beryl B gave employment to over 5,000 people and overall incurred 13m man-hours of work.

In a sense the Beryl B project began as long ago as 1975. At that time the seventh well drilled on the Beryl oilfield showed that the field extended further northwards than had been realised, and identified the reservoir area of the Beryl B platform.

By that time the development of the original Beryl platform was already under way, but Mr Phil Irwin denies that Mobil's method of developing the field would have been significantly different had the company realised earlier the true shape of the giant oilfield.

Task force

After delineation of the reservoir, in the northern part of the Beryl block 9/13, Mobil started feasibility studies of possible production schemes in early 1977. Twelve possible production schemes were considered, says Mr Cullen Williams, Mobil Beryl B project manager. Originally, Mobil decided that a subsea production system would be the most suitable way of developing the accumulation, and in mid-1978 a project task force was set up to make a detailed study of such a development.

However, after the assimilation of new and more detailed data about the area's reservoir and production potential, Mobil eventually came down on the side of a fixed steel platform development, providing that certain cost- and weight-saving innovations were incorporated.

It was on this basis that Mobil submitted its development plan to the Department of Energy in spring 1979. The Department gave its approval in May 1980.

According to Mr Williams, there are four principal cost-saving features in the design of the platform;

● The use of a single separator and gas compressor train, using, wherever possible, electric motor drives for gas compression, in order to decrease the number of bulky and heavy turbine drivers.

● The drilling bay is unusually located in the centre of the platform, thus decreasing the weight and cost of the main structural elements of the platform and topsides.

● The construction of the largest possible onshore fabricated modules that could be handled by the heavy lift offshore construction vessels. The idea—and eventually the result—was the minimisation of the total installed weight of offshore hook up time. Mr Williams claims that the time taken for the offshore installation of the jacket and decks was "shorter than any other major platform that we know of."

● A seabed drilling template with six wells pre-drilled by a floating drilling rig, in order to achieve production as soon as possible after platform installation. Mr Williams says that the installation of a major platform jacket over a predrilled template has not previously been done. He points out that the operation took Mobil less than eight hours.

The Beryl B platform contains three semi-integrated deck levels, two for the production equipment and the other for drilling. Each of these levels is supported by eight columns, which are themselves extensions of the legs of the jacket.

The accommodation of the Beryl B workforce is on five levels. The top three levels provide quarters for 200 people in two person cabins, each with a lavatory and shower. The two lower levels contain such facilities as dining rooms, cinema, offices, recreation rooms.

Jobs for women

Note the use of the words people and persons, rather than "men." Unique among UK North Sea platforms, Beryl B's workforce has a sprinkling of women, albeit largely employed on the catering side.

According to Mr Williams one of the effects of this is that the men in the platform appear far more presentable than the stereotype of the North Sea "hard hat."

Most UK North Sea operators seem to regard the presence of women on a North Sea platform as being as dangerous a distraction as alcohol, which is forbidden. Mr Williams says that this attitude is "nonsense."

Perhaps Mobil's avant garde attitudes are conditioned by its experiences as operator in the far more liberated Norwegian sector of the North Sea. Hundreds of women are employed by Mobil on the giant Norwegian Statfjord field, where they even have their own discotheque.

Although Beryl B will have the capacity to produce from an eventual total of 14 wells at a rate of 100,000 barrels of oil per day, it is not intended to produce at much more than 85,000 b/d at peak.

North Sea operators tend to aim above all at the fastest possible depletion of a reservoir, so as to get the quickest possible return on investment. Mobil however also pays great heed to the needs of its refinary at Coryton and that plant's requirement for a steady long-term supply of crude.

For this reason Mr Irwin argues that the very extended two stage development of the Beryl field had the advantage of providing a longer-term period of stable UK crude supplies for its UK refining and marketing operation.

After all, since Beryl was discovered in May 1972, Mobil has yet to find a field of remotely comparable size in the UK North Sea.

A growing trend under the present regime at the Department of Energy is the stressing of the need for UK content in North Sea development work. The Offshore Supplies Office of the Department of Energy requires that at least 70 per cent of the value of such projects should be UK-based.

Mobil proudly claims that, despite the fact that there are no UK suppliers of heavy lift vessels, it still managed to place 80 per cent of the value of Beryl B work in this country. No other major offshort installation has equalled this percentage, according to Mr Williams.

The main contractors for the Beryl B project were follows:

● The topside design, engineering, purchasing and fabrication was assigned to Bechtel GB. Bechtel then subcontracted.

● The deck fabrication to UIE in France, and Cleveland Offshore on Teesside. The living quarters were subcontracted to Redpath Engineering in Middlesbrough, and the flare boom to Motherwell Bridge, of Leigh, Scotland.

● John Brown Offshore was given the task of the design, fabrication, and installation of the steel jacket. JBO subcontracted fabrication to RGC/UIE at Methil.

● The Dutch Company Heerema Offshore Contracting carried out the installation of the platform.

● The Aberdeen-based AOC International performed the hook-up offshore.

That will no doubt earn Mobil many brownie points at the Department of Energy when, early next year, it evaluates oil industry bids in the forthcoming ninth round of UK oil and gas licences.

Rolls-Royce engines

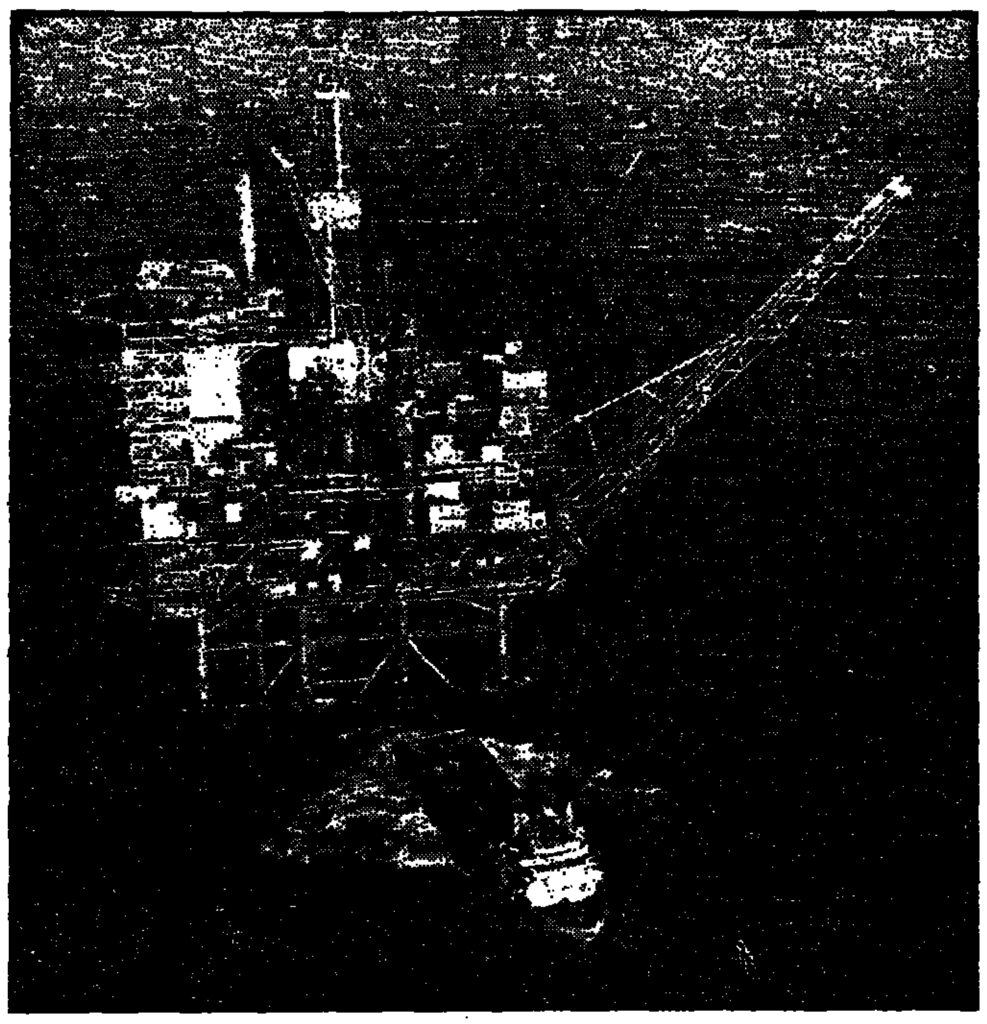
As part of its vetting for that round the Department has, for the first time, made contribution to UK research and development stand-alone criterion which must be satisfied by applicants for offshore acreage. Here, too Mobil's Beryl B project will put it in a very strong position.

The platform's gas compression and electricity generation are powered by Rolls Royce RB 211 "jumbo" engines. This is aparently a North Sea first, and the adaptation of the Rolls Royce engines was the result of considerable joint research by Mobil and the UK company.

Beryl B is not the end of the Beryl story however. Mobil has identified a further, unexploited area of the field, called South West Beryl. While Mobil will not reveal what the reserves are in this portion of the field, it admits that it is already in the process of carrying out feasibility studies for developing SW Beryl.

Finally, Mobil will be carrying out wildcat drilling of other parts in the Beryl block before it has to relinquish 50 per cent of he measured block at the end of 1986. Mr Irwin says: "We fully expect to find additional oil accumulations."

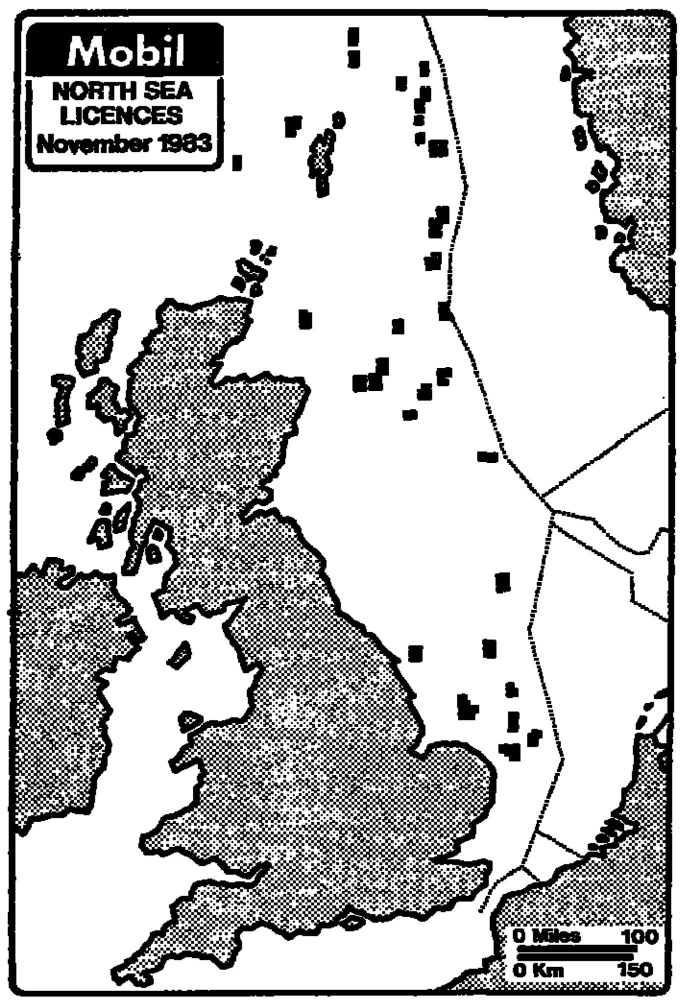
When Mobil paid the Government £6.3m in 1971 for the right to drill on Block 9/13, it can hardly have realised what a bargain it was getting.



Beryl B platform lies 170 miles north east of Aberdeen and has the capacity to produce up to 100,000 barrels of oil per day

Contents

BERYL B—2



Mobil owns outright or has a stake in the North Sea blocks shown

An assessment of the U.S. oil giant's role in the U.K. sector of the North Sea. **Dominic Lawson** reports

Looking for fresh fields to conquer

MOBIL HAS learnt a lot about the politics of exploring for oil and gas in the North Sea since its participation in the first round of North Sea licences back in 1964.

In that round, Mobil had identified the best acreage in advance by seismic surveys. So it applied for those areas in a consortium of one—Mobil, 100 per cent. Not too clever. The same acreage was bid for by another U.S. company Amoco, which much more tactfully chose the British Gas Corporation as a partner. Result: Amoco, not Mobil, now has large stakes in the two biggest gas fields discovered in the UK North Sea.

By the time of the fourth round of North Sea licences, in 1971, Mobil had learnt a lesson. The Mobil-led consortium which won the fourth round acreage containing the 800m-barrel Beryl oilfield, was a well-balanced four company effort with British Gas in for a handy 10 per cent. (That stake is now held by Enterprise Oil, the company set up by the Government to take over the oil assets of British Gas.)

In a sense it is artificial to look at Mobil's contribution to the UK North Sea in isolation. The company's biggest contribution to the transformation of the North Sea into a major oil province came on the Norwegian side of the median line.

There Mobil discovered and developed the largest oil field in the North Sea—Statfjord—which contains 3.3bn recoverable barrels of oil and 100bn cubic metres of gas.

Although the south-west portion of the field extends into UK waters, it remains very much an operational concern of Mobil's Norwegian subsidiary.

It should also be noted that Mobil discovered the first North Sea field of all—the Ameland gas field in Dutch waters.

In tune

However Mobil's role in the UK sector of the North Sea is pretty much in tune with the status of the world's third largest oil company. It ranks sixth in UK North Sea acreage held, with interests in 40 blocks covering over 1.5m acres.

Mobil's oil production from its interests in the Beryl, Hutton, North West Hutton and Fulmar fields is expected to amount to 90,000 barrels a day by next year, making the company Britain's fifth largest oil producer.

At the same time it has gas production from the East Leman and Victor gas fields. [The statistics do not take account of the imminent completion of Mobil's takeover of Superior Oil. The merger of Mobil's North Sea interests with those of Superior is not yet complete.]

These interests are naturally in the mature producing areas of the North Sea. But Mobil has also been active in some of the more exotic oil exploration efforts offshore the UK. Most notably it was one of the few companies to engage in the expensive and high risk drilling campaign in the South West Approaches.

Unfortunately for Mobil—and for the prospects of a revival of industrial activity in Cornwall—the SW Approaches turned out to be a write off. While there were geological structures with the potential to contain large oil fields, there was a complete absence of source rocks—the key to transforming organisms into hydrocarbons.

At the beginning of this year Mobil chose to relinquish all its interests in the SW Approaches, a clear expression of disillusionment.

However in the forthcoming ninth round of UK oil and gas licences the Department of Energy is inducing the oil industry back into frontier areas of exploration. If you want a good chance of getting the prime acreage on offer in the mature North Sea, the Government is now telling the oil industry, you must also "volunteer" to explore in such areas as West of Shetland, and West of Scotland.

Little interest

Hitherto Mobil has showed relatively little interest in such areas, when they have previously been open to bids. Officially Mobil will make no comments about its intentions for the ninth round, on the grounds that to do so would break commercial confidences. But, says Mobil's second in command of UK exploration and production, Mr Phil Irwin "it is a fair assumption" that Mobil will be getting its feet wet in the hazardous waters west of Shetland. Whether Mobil will do so with great enthusiasm is harder to assume.

It appears that Mobil's greatest hopes are in the most mature of all the North Sea areas—the Southern Gas basin. Mobil's present fascination is with a new geological play in that area—the carboniferous rocks, many thousands of feet beneath the Rotliegendes zone that has been the source of most of the present gas-producing fields.

As a result of a carboniferous gas find in the Dutch sector, Mobil is now searching with British Gas as operator in an attempt to find a field on the same trend in UK waters.

British Petroleum is thought to have already made a carboniferous gas find in the southern basin, and it would not be surprising to see Mobil bidding very aggressively for acreage in that area in the ninth round.

Hitherto, Mobil has been entirely absent from the quest for oil and gas onshore the UK. However, like the rest of the oil industry, Mobil has been impressed by the recent success rate of companies exploring in the South of England, particularly in Dorset and Hampshire.

Now the giant U.S. oil company is considering a belated entrance into the onshore scene. It has been studying seismic surveys of various UK basins, and is now waiting for the first formal onshore licensing round, expected from the Department of Energy very shortly.

There seems a good chance that Mobil will use this opportunity to make its UK onshore debut although Mr Irwin readily admits that most of the prospective onshore acreage is already licensed.

Even without the addition of new acreage, Mobil will have much to do in the UK. It will be participating in the attempt to solve the problems that have arisen in the North West Hutton field where it holds a 20 per cent stake.

Amoco, the operator, had originally projected reserves of 300m barrels and production of up to 90,000 barrels of oil a day. But the company met unforseen problems with the complex and highly faulted reservoir, and is now unable to produce more than 50,000 b/d.

Mobil will also be active in continuing to exploit the Beryl field. The area known as South West Beryl will almost certainly be developed, and there may be still other accumulations on the Beryl block.

Finally, Mobil will be busy assessing the interests of Superior Oil in the North Sea, after the takeover of that company by Mobil's U.S. parent. While Superior is not an operator in the North Sea, and its interests are not considerable, this task will still be high priority for Mobil in the months ahead.

The complex geology of the Beryl area suggests more rich finds

Why more discoveries are likely

MOBIL IS understandably reluctant to talk right now about the prospects in and around the Beryl area. Applications for the UK's ninth licensing round are due in on December 17, and two of the blocks to be auctioned to the highest bidder are just to the north of the Beryl block 9/13.

These blocks, 9/8b and 9/7 will not only be of interest to Mobil. Mobil and the operator of the 9/8a block (which hosts the Bruce field), Hamilton, no doubt believe that they know the most about the geology of the area and thus have the strongest reason to buy the blocks.

However, some of the additional potential of Beryl and the surrounding area is already known, while its complex geology has been explained in great detail recently, courtesy of the flotation document for Enterprise Oil. Enterprise was handed the 10 per cent stake in the field of one of the four discovery partners, British Gas Corporation.

Last summer, in preparation for the ninth licensing round, Mobil brought into the North Sea the world's most sophisticated seismic survey vessel, its own Mobil Search. During its surveys around Beryl, it took a fine detailed look at an area in the north of 9/13b, which may tip over into the 9/8b block up for the offer in the ninth round.

This is an area of Mobil's block about which no details have been published and which is undrilled. It could be very interesting, however, because it lies between, the west of, Beryl B and Bruce. Is it oil or is it, like Bruce, gas condensate?

Only drilling will answer for sure, but with the unexpected discovering of oil in the most southerly well drilled on Bruce block 9/8a, (9/8a-8) the chances are that another oil fields awaits discovery.

Confident

Mobil is confident that it will discover several more oil accumulations on its two Beryl part-blocks. It seems to know the area quite well by now. In 1977 the Beryl group had to surrender 50 per cent of 9/13 and managed to relinquish a complicated pattern of acreage that left it, in addition to the 800m barrels of oil in Beryl A and B, two structures now labelled south-west Beryl, with around 100m barrels, and another structure to the north of south-west Beryl where oil was struck with 9/13-23, just this year.

Of course, as Mobil was able to buy back the relinquished area for £5m in the seventh round, the brilliance of the relinquishment is a bit academic. But it must boost the exploration confidence at Mobil enough to keep looking.

The decision on whether to develop south-west Beryl has yet to be taken, but this is being actively considered. Much will depend on the complex geology of the area and will be decided on the economics of a development method.

A fixed platform such as Beryl B is virtually out of the question for reasons of cost. Whether the geology will co-operate is another matter. Even giant Beryl A had difficulty with its first production wells. As reservoir information was honed, this problem was quickly overcome.

Describing the geology—the stuff of prospectuses like that of Enterprise—is not simple. But for those interested in the complexities of the Beryl area, here it is in greater detail:

The Beryl field is located in the central part of a deep basin, east of the Shetland Islands, called the Viking Graben. The northern part of the Graben has produced many of the most prolific oilfields in the UK sector to date.

Although it took only two wells to establish the commerciality of the southern part of the field (Beryl "A"), the widely varying results of subsequent wells was indicative of the complex geology of the field.

The Beryl A area is, nevertheles, large and oil is found in sandstone formations of several geological ages — Upper Jurassic, Middle Jurassic, Lower Jurassic and Triassic. Most of the oil is produced from the Jurassic. The Triassic sands contain oil but reservoir characteristics are poor.

In drawing up a geological map for Beryl, Mobil devised its own nomenclature for the different reservoir formations. About 75 per cent of the oil in the Beryl A area is produced from a Jurassic formation called the Upper Beryl. This comprises a fine and very fine grained silted sandstone layer.

According to Energy Resource Consultants (ERC), the reservoir quality of the Upper Beryl is excellent, with high porosities (open spaces in the sandstone), permeabilities (the ability of the sandstone to allow oil to pass through it) and net to gross ratio (the percentage of the total hydrocarbon-bearing column that is produceable).

Recovery factor

Recovery factor from the Upper Beryl will be high, say ERC. Unlike most North Sea reservoirs, the Upper Beryl responds better to gas injection than water injection to maintain reservoir pressure.

Underlying the Upper Beryl are the Middle and Lower Beryl formations, also of Jurassic age. However, unlike the Upper Beryl, these formations are highly faulted and do not have good reservoir characteristics (i.e. porosity, permeability and net gross ratio). Well performance in these zones has been poor.

The Triassic formation, called the Lewis, is made up of alternating shales and sands of generally poor quality. This zone, too, is heavily faulted and recoverability will be poor. Porosities, permeabilities and net to gross ratios in the lowest regions of the formation are poor, although reservoir quality improves further up the sequence.

Overlying the very top of the Jurassic Beryl formation, in the Upper Jurassic, is what Mobil calls the Bruce formation—no relation to the Bruce Field. It comprises a fine and very fine quartzitic clean sand but while reservoir quality of the sand is good its reserve potential is limited.

The Beryl B area, north-west of A, is characterised by a series of north north-east-south south-west trending tilted fault-blocks. It contains the same sand reservoirs as in the Beryl A drainage area but almost all the reserves potential is in the Upper Beryl.

As in Beryl A, the Upper Beryl formation in B is of *excellent quality. The area also* contains gas reserves, in solution and as a gas cap overlying the field.

There is a further potential on both 9/13a and 9/13b. The main additional prospect is Southwest Beryl, about four miles southwest of the Beryl A platform. Southwest Beryl, which contains two separate accumulations of oil, was discovered by wells 9/13A/4 and 9/13A-18. It also extends west into Union's block 9/12, where oil, gas and condensate has been tested.

Oil reservoirs exist in the Jurassic (Bruce and Upper Beryl formations) and in the Triassic (Lewis). Gas and condensate is present in the Jurassic (Upper Beryl).

The reservoir properties South-west Beryl Bruce formation are moderate and the recovery factor is estimated by ERC at 20-30 per cent.

But, the Upper Beryl reservoir has shown high porosities, permeabilities and net to gross ratio and ERC estimate oil and gas recovery factors of between 45 and 60 per cent and between 75 and 85 per cent respectively.

The average condensate yield they estimate at 30m barrels of gas. Permeability in the Southwest Beryl Lewis formation is low and accordingly the estimated recovery factor is 15-20 per cent.

John Brown Offshore has recently completed a feasibility study of a floating production system for Southwest Beryl. Although Mr Phil Irwin Mobil North Sea exploration/production manager said recently that he thought the reserves in Southwest Beryl would eventually be exploited, their development does not figure immediately in Mobil's North Sea portfolio.

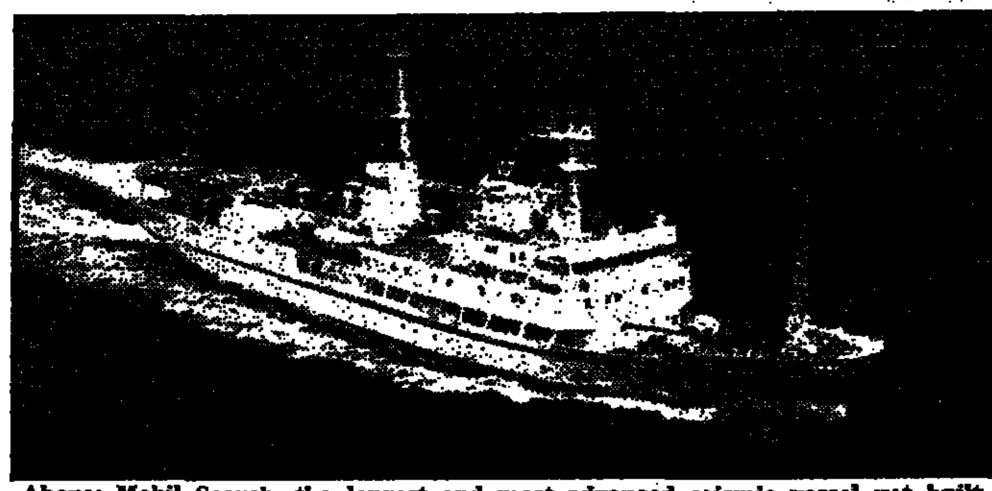
Further appraisal drilling is necessary and Mobil also plans to carry out its own in-house studies. Timing of this study has not yet been determined.

Earlier this year Mobil drilled well 9/13a-23 on the western part of the block and very close to the boundary of 9/13b. Although strictly speaking there has been no drilling on 9/13b (reclaimed by Mobil in the seventh licensing round, in 1980), the well was accepted by the Department of Energy as part of a four-well commitment on 9/13b.

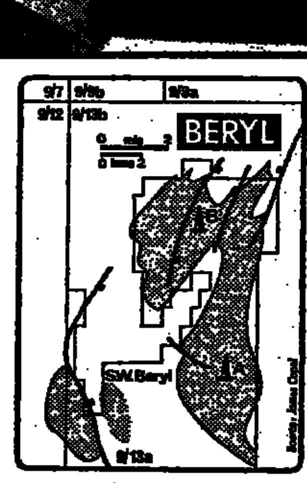
It was thought this suggested Mobil was looking for a reservoir in similar conditions to that found in Southwest Beryl. Although Mobil has not released a result for the well, it was acknowledged in the Enterprise Oil prospectus as an oil discovery.

Meg Leitch
James Ball

James Ball is editor of the newsletter FT International Gas Report.



Above: Mobil Search, the largest and most advanced seismic vessel yet built. Below, a technician monitors data acquisition terminals as his counterpart (in background) monitors navigational terminals in recording room of vessel



GEOLOGICAL LOCATION

BERYL A	Oil in place (mbbls)	Total reserves recoverable (mbbls)
Upper Beryl	629	336
Middle Beryl	64	11
Lower Beryl	149	31
Lewis	276	49
Bruce	46	10
Total	1,155	437
BERYL B		
Upper Beryl	658	283
Middle / Lwr. Beryl	35	5
Total	693	288

Source: ERC.

The debate goes on over a gas-gathering link up in the UK sector. **James Ball** reviews the arguments

Beryl gas: still waiting for a pipeline

AS FAR BACK as April 1980, October 1984 was foreseen as a very special month indeed for Beryl gas; it was to have begun flowing through a new UK gas-gathering pipeline network.

A joint Mobil/British Gas Corporation study at the time recommended a preferred system out of five possible options and indicated "the construction programme needed if the system is to be in operation by October 1984."

What the study did not say was that the idea of reviving plans for a UK northern North Sea gas-gathering line stemmed from a Beryl request.

The Department of Energy (DEn) requested that Mobil and BGC examine a larger project than Mobil's original proposal for a Beryl-only gas pipeline.

Subsequently, the UK Government first backed and then scrapped the idea of a UK gas-gathering line. But between the 1980 study and now, the Norwegians have gone ahead with their own gas-gathering line (Statpipe). Other UK pipelines have been built.

But throughout the past four and a half years the idea of some form of UK gas-gathering scheme has been raised over and over as the adequacy of UK gas reserves are continually debated.

Starting point

Since Beryl was the starting point for this debate, it is worth looking again at the 1980 proposal and asking whether events since have altered the chances of Beryl gas coming to market.

Put simply, the option suggested by Mobil and then Beryl partner BGC (the stake has since been handed over to Enterprise Oil) was to build a gas and gas condensate gathering line to take, on average, 1,577m cubic feet a day (m cfd) combined from Norway's Statfjord field, the northern UK oil fields of Magnus, Thistle and Murchison; central fields around Beryl (including Beryl B and Beryl SW): I would also pick up Brae gas before heading ashore from a junction platform on the Thelma field.

A southern leg was to collect gas from fields between the junction platform and Fulmar in the south, including Andrew, Lomond Clyde, and Josephine.

As proposed then, the system's main advantage was seen to be its ability to be at once "economically robust to conservative estimates about reserves," while being "less risky in economic terms" than either a smaller or much larger system.

In addition to gathering gas from fields then able to send gas to market, "provision should be made," the report said, "in the design to link up additional fields expected to come into production in the late 1980s and 1990s."

Accordingly, it was to have had a tolerance to take different qualities of gas ranging from relatively "dry" gas to gas heavily mixed with "condensates" (the heavier hydrocarbons, which, at some point are separated from the gas stream for other uses).

To cope, the line was to have been heavily pressurised (1600 to 2500 psi) so that the liquid components stayed in the gas stream as a fine mist until it was separated out on shore and transported to a special terminal or petrochemical complex at Nigg on the Cromarty Firth.

The advantage such a system has is that it can tip the balance in favour of a marginal field development decision while, on the other hand, until new fields join the system it is an investment made too early. Likewise, to cater for different gas qualities, it must of necessity have to operate over a wider range than a pipeline dedicated to one type of gas and this adds to cost.

Mobil and BGC were not alone in believing the UK gas gathering line to be viable. But much of the oil company opposition—both then and now—to a shared facility boils down to these two problems; timing and specification.

A company which builds its own line knows when it is needed and only designs enough tolerance for its own type of gas. But the 1980 study argued that a UK pipeline — including gas from Norway's share of Statfjord — would cost £1,074m to build and have room for future gas, while a line for just the central fields — with Beryl B as the most northerly — would cost £524m, carry only around 700m cfd on average and have little room for future *expansion*.

The study's figures were more than rough calculations, as events showed; one part of the line has been built since, the Northern Leg to Magnus, Thistle and Murchison. It cost just less than £90m, the amount Mobil/BGC's study projected.

Connection

The Northern Leg pipeline today, however, connects to Shell/Esso's FLAGS pipeline, Statfjord and Heimdal are connected to Statpipe in Norwegian waters, with only a tiny amount of Statfjord gas—the UK share —pegged for UK delivery.

Shell/Esso are now building their own line to carry Fulmar and Clyde gas to St Fergus. And, if the Sleipner pipeline is built, it will provide a conduit for much of the gas from northern UK gas from oil or condensate fields, along its route pushing back the day when, some still hope, a gathering line will collect northern UK gas.

Where does this leave Beryl? It can probably join the trend back to individual lines and support a direct gas pipeline to shore—industry sources indicate that this is an economic option, and always was so. Furthermore, the UK DEn is unlikely to halt a development bid a second time around. So, the most likely option now for Beryl gas is to go to market when the oil fields in which it is found no longer have a useful function for gas. Right now that is not the case.

If Mobil can wait, by 1992 the Frigg field is expected to run down, freeing an existing line to take other gas. In 1984 it is not an option, in future it could be the best option. Unlike Beryl, Frigg gas contains next to no gas liquids. For the twin Frigg gas lines to be used for gas from Beryl or other fields in the area, it would have to be converted.

As for a market, Mobil already has a contract with BGC for its 50 per cent share of Beryl gas. But this was signed when the gas-gathering line was a serious prospect. Mobil, its partners and BGC would be more likely to start all over *again if Beryl gas was to be* offered for sale. BGC is, however, the likely purchaser albeit at a slightly higher price than *that offered to Mobil* in 1980.

There was much talk when Norway was planning Statpipe of an urgency to start producing Statfjord gas. The reason for the urgency is that gas could have begun to bubble up through the oil wells, troubling *oil production and making* reinjection of gas into the reservoir more difficult.

Beryl's two producing fields do not have this problem because they are inclined, making a natural separation of gas at the top end of their respective reservoirs occur *instead*.

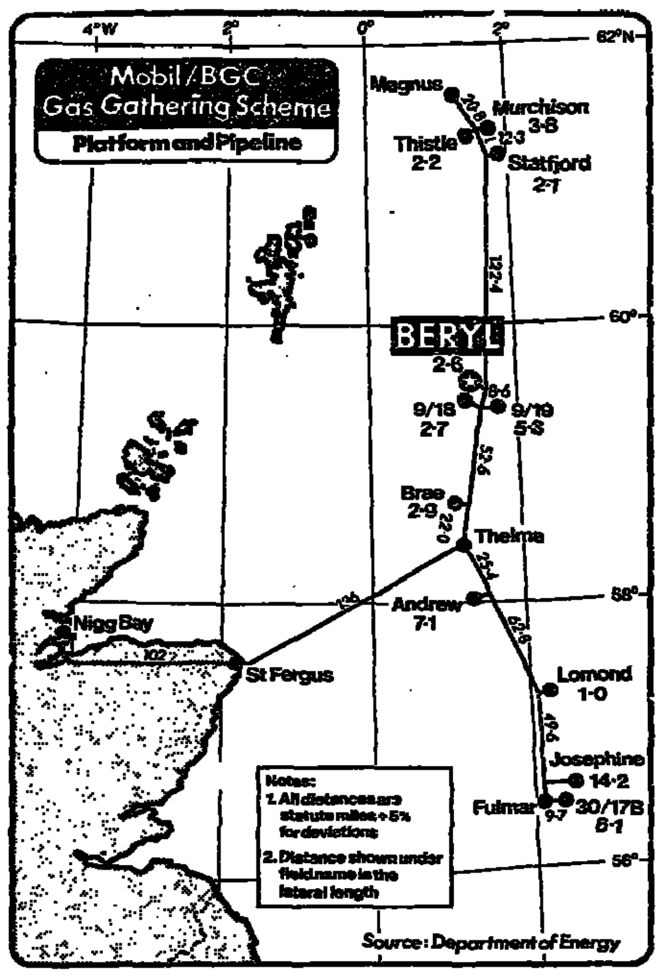
Theoretically, Beryl A could be produced until no more oil could be removed before the gas need be produced, whereupon it could be produced as a gas field. But as gas is a less efficient flusher of oil than water, there *would be no compelling* reason to keep reinjecting gas which could be sold today.

Floundered

However, because the first plan to market Beryl gas floundered and it has continued to be reinjected, Mobil is understood to have discovered that the gas is improving oil *recovery by effectively* dissolving some of the residual oil which normal production and water injection would have left behind.

While Beryl A is undersaturated with gas, meaning that it has no gas 'cap' and the gas dissolves into the *oil*, Beryl B has a gas cap already in place and a greater gas-to-oil ratio (GOR). The oil is saturated with gas already.

There is thus less additional advantage to oil recovery from reinjecting its gas, but also more gas to separate from each barrel of oil before the oil is piped.



Beryl B reinjection system

The equipment to separate gas on Bery B has to be simpler than for earlier fields in the North Sea to keep platform weight down. Accordnigly, it was decided to have just one "train" of gas separation rather than installing a complete back-up facility.

The job of a gas processing train on a field like Beryl B is to both separate gas out of the *oil so that the oil* is safe to load on to tankers and also to boost the gas up to a high pressure for reinjection into the field *reservoir*.

On many fields, some gas is held back to fuel the platform equipment. On Beryl B, the use of *gas as a fuel* is kept to a minimum, and the use of electric motors maximised.

But in the gas compression process itself, a *Rolls-Royce* RB 211 gas-powered turbine is needed to boost the pressure of gas in the middle of three compression stages.

It works like this: 90 per cent of the gas is separated in a first stage seperator and sent to the medium pressure compressor—the one powered by the RB 211. The remaining 10 per cent is removed in a single atmosphere, second-stage seperator and sent to an electric motor-driven low-pressure compressor. This boosts the gas to 18.5 atmospheres (268 lbs per sq in-psi) pressure.

The medium pressure compressor boosts this gas and that from the first stage oil separator to 168.5 atmospheres while the final, again electric-driven, compressor boosts the pressure to 379 atmospheres—almost 5,500 psi—and sends it back into the reservoir.

At full oil production design capacity, 100,000 barrels a day, 126m cfd of gas will be re-injected. Should any of the compressors fail, the gas cannot be channelled into a back-up system—there isn't one—so it is flared.

When, one day, the gas is sold, the equipment used for reinjection today can then be adapted to pump gas into a pipeline system instead. And the possibility of the Beryl B platform rather than Beryl A being the embarkation point for all Beryl gas cannot be ruled out.

Vital statistics about the Beryl field

BERYL FIELD DATA

Licence Block: 9/13a
Government licence awarded Block 9/13: 1971
Licence payment: £6.3m
Water depth: 390 feet
Block area: 51,850 acres
Reservoir depth (average): 11,000 ft subsea
First oil discovered (Well 9/13-1): May 1972
Transportation: Three dedicated tankers loaded from two single point moorings
Equity interest owners: Mobil North Sea (Operator) 50%; Amerada Hess (UK) 20%; Texas Eastern North Sea 20%; Enterprise Oil 10%

BERYL B PLATFORM DATA

Development approval: May 1980
Production start-up: July 1984
Production
Ultimate oil recovery: 300m barrels
Oil production capacity: 100,000 barrels per day
Gas injection capacity: 132m cu ft a day
Number of wells planned: 14 producing wells; 5 water injection wells; 2 gas injection wells; possible 8 risers available for subsea well tie-backs
Pipeline to Beryl A: 5 miles. 20-inch diameter
Overall Structure
Height, including rig: 225 metres
Height of bottom deck above sea floor: 142 metres
Design operating deck weight: 22,150 tonnes. Designed to withstand winds of 120 mph and wave heights of 30 metres
Steel jacket
K-braced steel structure
Construction started: March 1981
Installation: May/June 1983
Tow-out weight: 14,300 tonnes
Installed weight: 12,150 tonnes
Height: 180 metres
Top Dimensions: 22 x 50 metres
Base Dimensions: 55 x 60 metres
Steel Deck
Three levels, open semi-integrated design.
Construction started: June 1981. Installation: June 1983. Dimensions: 64 x 40 metres. Accommodation module: 200 people.
Equipment
One drilling rig: Equipped with Varco's Top-Drive drilling system and Iron Roughneck.
Power plant: Generators, capacity totalling approximately 39 mega watts.
Cost
Development cost of Beryl B area: £750m.

MAIN CONTRACTORS

Prime Management Contractor and Topside Engineering: Bechtel Great Britain Limited. Jacket Engineering: John Brown Offshore Limited. Jacket: RGC Offshore Limited, and UIE UK Limited, Methil, Scotland. Accommodation Modules and Helideck: Redpath Engineering *Limited*, Middlesbrough, England. Upper Production Decks: Cleveland Offshore Limited, Middles*brough, England*. *Lower Production* Deck: Union Industriella d'Enterprise (UIE). Cherbourg, France. Flareboom: *Motherwell Bridge Engineering* Limited, Leith, Scotland. Pipeline Installation: McDermott International. Load-out and *Platform Installation*: Heerema Engineering Service (UK) Limited. Offshore Hook-up: AOC International Limited.

SIGNIFICANT FEATURES

Beryl B was brought onstream ahead of schedule and within budget.
Eighty per cent of materials and services for Beryl B were of UK origin.
Near record speed of installation of platform from launching from barge to completion of deck lifts.
The main gas compressor train is driven by a Rolls Royce aeroderivative gas turbine.
A single compact motor-driven centrifugal compressor is used for final-stage gas compression.
Semi-integrated deck concept involved use of largest liftable onshore-fabricated modules to minimise total installed weight and offshore hook-up.
Drilling template and six pre-drilled wells were used to achieve high production as soon as possible after platform installation.
Platform was docked over template using a unique system of locating pins.
Varco Top Drive system is used to improve drilling efficiency and safety. The system replaces *conventional* kelly and rotary table with travelling rotary swivel, permitting 90 ft drilling between *connections*.
Iron Roughneck is used to connect joints of drillpipe. Used in combination with the *top drive system*, a *manual* operation has been efficiently automated.
Aluminium drillpipe reduces *total weight of drillstring* and lessens drag and rotary torque. This makes pulling the pipe out of the hole easier, with less chance of damaging the borehole.

James Ball charts the organisation behind the task

Where teamwork counts

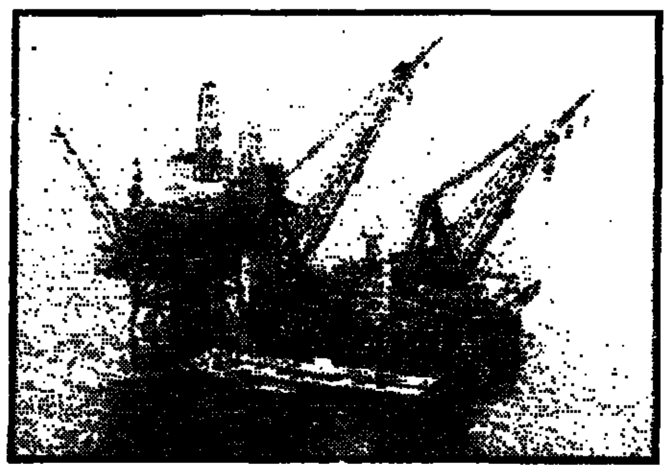
IT TOOK more than 12 years from the time oil was discovered in the Beryl field in 1972 for the first oil to flow from the second platform, Beryl B. Even before the first major out-of-house design and management contracts were let in 1979, Mobil *had undertaken a good deal of* planning and design itself.

Between 1979 and the commissioning of the platform this summer, several hundred people were involved in the design and fabrication management of the project from the two main contractors, Bechtel Great Britain and John Brown Offshore.

Before they began however, Mobil deliberated in-house over the available options for tapping the 300m barrels of Beryl B oil. It intended originally to develop the field with subsea production facilities tied back to the Beryl A platform; the cost of installing a conventional platform seemed too great.

The UK Department of Energy, however, had long sent out strong hints to holders of large oil accumulations that it wants platforms (and the ensuing jobs), not subsea completions.

Rather than becoming involved in the long-running wrangle over this issue, which BP and the department entered into over Southeast Forties (the department finally won anyway and there will be a platform), Mobil set to work to come up with a cheaper platform concept.



Mobil Beryl B with Heerema's derrick barge Balder alongside.

Wrangle

The concept it arrived at was a lighter platform, achieved by integrating the structural strength of the jacket into the topside modules, rather than setting a module support frame on top of the jacket to hold structurally independent facilities. This, then, was the brief handed to the designers.

Because of the extra integration between the jacket and topsides, a project organisation structure was adopted where a main contractor, in this case Bechtel, had responsibility overall as well as for the topsides specifically, while John Brown Offshore was given responsibility for design, *procurement and management of* fabrication and installation of the jacket and template.

The project planning required a great deal of simultaneous activity as well, such as designing the jacket even after the template was installed on the seabed, and building the platform concurrently with drilling the first production wells.

At the crucial interface, between topsides and jacket, John Brown designed the lower integrated deck structure, while Bechtel managed its fabrication and installation.

Even after the project outline was decided by Mobil and handed to the designers, the go-ahead was not yet given. The project entered phase I where the plans were mapped out in greater detail and costed.

The design work in this phase, known as pre-engineering, or the conceptual phase, formed the basis upon which two crucial decisions were made about the future of the overall project: the final budget decision by Mobil and its three partners, Amerada, Texas Eastern and British Gas; and the "Annex-B" approval by the Department of Energy.

Various concepts which provided the key to the overall aim of reducing weight were examined and cleared. These included the practicality and safety of centre-bay drilling, the integrated deck concept and running the platform principally on electricity rather than gas-driven motors.

Centre-bay drilling posed special safety problems because the normal practice is to put living quarters at one end of the platform and drilling facilities on the other, in case of wellhead fires. But it was chosen for Beryl B because a central location of the drilling and wellhead systems allowed a lighter jacket.

The problem was solved by designing fire walls between the drilling and living areas. The psychological problem of thus having a whole side of the accommodation area without outside windows, was solved by designing artificial window vistas and concealed lighting.

Once the Beryl group had approved the project budget, negotiations with the Department of Energy established a revised timetable.

Although Department of Energy approvals are often regarded as formalities these days (and in the case of certain recent developments the approval came after fabrication work was well under way) the process proved beneficial to the Beryl B project.

To keep the fabrication of the Beryl jacket and modules out of a time period when it was feared that UK yards might be too full, the decision was taken at the energy department's urging to schedule first oil a year later. This meant that in May 1980, when approval was given, the project had three years before load-out of the platform facilities and, accordingly, more time to prepare the engineering.

Beneficial

Although too much time can *lead to a lack of urgency by* engineers, the North Sea's development history is littered with projects delayed because the drawings which went to the fabricators had too much work left to be done.

Of course, no engineering company will admit this, but it is a frequent complaint of module builders but one which was not made on the Beryl B project.

However, it should be borne in mind that both Bechtel and Mobil had managers assigned to the process at all stages, and as jacket design proceeded, monthly reports were given to John Brown about weight and distribution plans and changes on the topsides.

John Brown put together a core team of managers under a project manager at the very first stage. These managers included the engineering manager, overseeing the design functions; the construction manager, overseeing both fabrication and installation (both tasks being under separate managers as well); and managers for project services, finance, and quality assurance. A separate commercial manager was assigned to administer subcontracts.

As 85 per cent of the value of the contract was in procured supplies and subcontracts, control procedures were established from the outset. Designers produced initial design briefs followed by drawings, specifications and subcontract documents. This production spread over 300 volumes, weighing two and a half tonnes of paper.

A critical part of the design was weight control. This was monitored by computer, and, says Mr Cullen Williams, Mobil project manager, 1,000 tonnes of steel were cut out by carefully checking stresses and removing unnecessary steel members. But, control of topsides weight had to be even tighter.

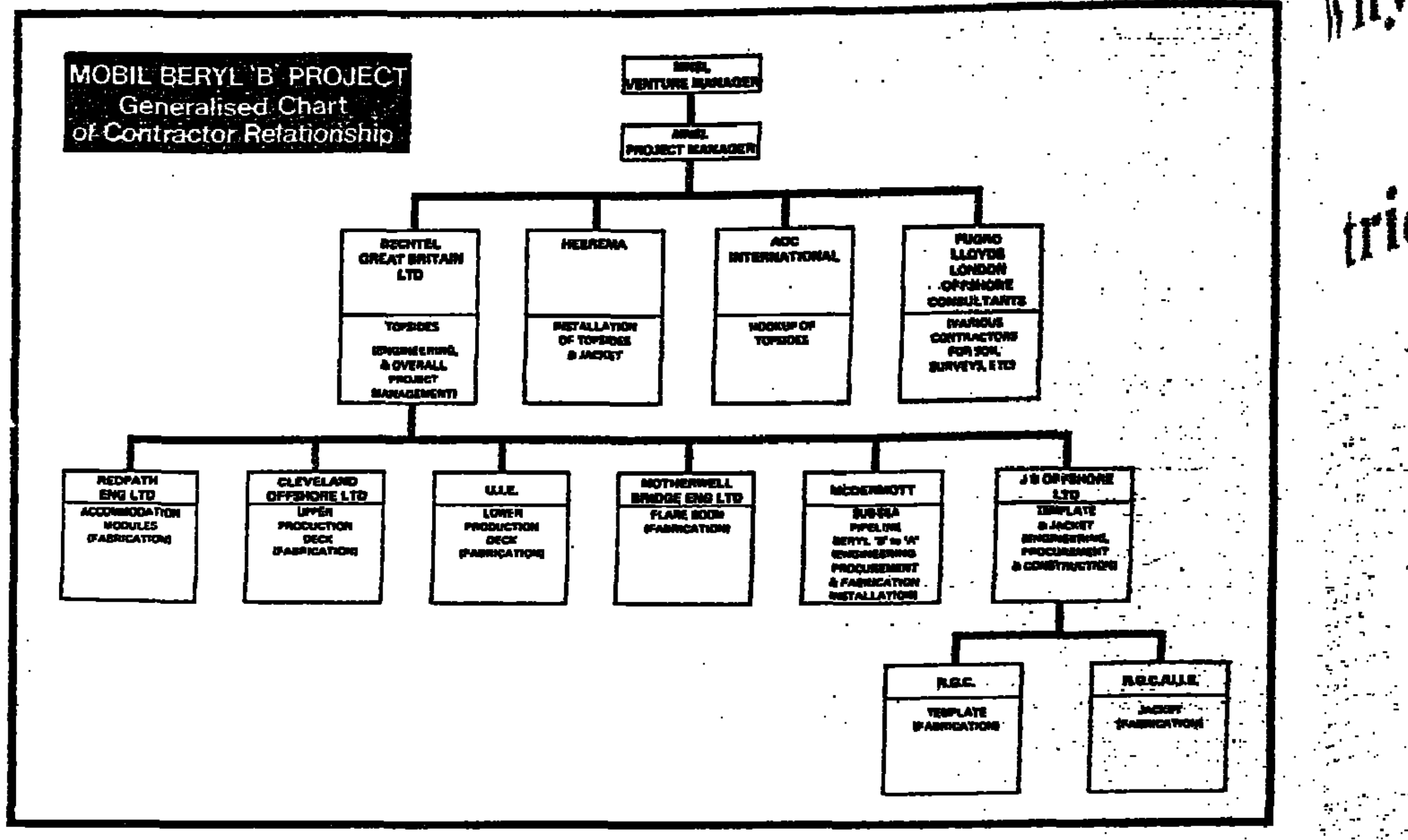
During the design phase for the jacket, two other processes were taking place at John Brown. *The template had to be* designed, erected, built and installed before the jacket fabrication award was even made.

In the event, the template was in place five and a half months before the jacket was ordered. This also meant that the system for docking the jacket (see separate account) also had to be settled as the template had the seabed docking piles attached to it for installation.

Further, the construction team had to begin checking fabrication sites and ordering steel. Fabrication contractors had to be evaluated both for competence and availability.

The order for the fabrication of the jacket was placed in March, 1981, but some design work had still to be carried out, and once construction began, so too did a phase known as "*post production engineering*" which is a neat way of saying altering things that don't fit.

During the construction phase, the construction team came to the fore, with site management giving front-end presence to the office-based project team. John Brown cites as its major achievement, the completion of the jacket ahead of the programme schedule and under budget.



Bechtel had two functions. As overall project manager, it worked closely in conjunction with Mobil. In contrast, some oil companies appoint a management services contractor, which, in turn, oversees separate topsides and jacket contractors. But, with the greater physical integration of the Beryl B platform, so came a greater integration of the teams from Mobil, Bechtel and John Brown. Bechtel's other role, in charge of topsides, was thus integrated into its overall responsibility.

Mr Jerry Dacy, Bechtel's project manager 875 orders and 70 part orders delivered from 12 countries

At the height of the project, 475 Bechtel employees were working on the project with a contingent of 40 from Mobil alongside. Under this team, Bechtel estimates, were 6,000 employees at the various sites of contractors and subcontractors.

Bechtel's schedule closely parallels that of John Brown. From the spring of 1980 until mid-1981 when it was 90 per cent complete, engineering proceeded, giving way during 1981 until mid-1983 to production engineering. During the design stage 340 staff were assigned to the project by Bechtel.

Among the many design functions was topsides weight control. By eliminating the module support frame concept, the designs had to have both structural elements and incorporate more than the usual number of functions per module. Only 10 main modules were used, to minimise the amount of offshore hook-up work.

At the time, the heaviest offshore lift which could be managed with one crane was 3,000 tonnes and the heaviest modules were designed to be just under this limit. Accordingly, any excess weight was simply impossible to install.

6,000 workers

It was the job of the topsides engineers to keep weight down, and of the construction managers to see that this is how they were built.

The total topside weight was limited to 22,000 tonnes. In the event, says Mr Jerry Dacy, Bechtel project manager, the actual modules were less than 0.5 per cent off their design estimate.

An interesting feature of the module contract awards procedure was that cost was not the only factor. Bids were examined for the weight of their equipment and this factor tipped some awards away from the cheapest bidder.

Module fabrication began in June 1981 and involved four UK yards and one French yard. UIE, the French contractor which built the twin-section lower production deck at Cherbourg, was also a joint-venture partner with the UK yard of RGC in Methil, which built the jacket.

Some contracts were signed directly by Mobil, although Bechtel had co-ordinating responsibilities throughout the project. One such contract, for McDermott, involved laying a five-mile-long oil pipeline from Beryl A to Beryl B. This took place in the summer of 1982, during the platform construction stage.

For some reason, known best to offshore operators, the drilling package awarded to KCA Drilling from design to commissioning (less installation, overseen by Bechtel), was organised outside the main project. The drilling facilities were built by Mercon Steel Structures in Holland.

Over the course of construction, Bechtel was looking after 43 service contracts and 151 supply contracts. A total of 875 orders and 70 part orders were delivered from 12 countries.

When all of this came together in the summer of 1983, the modules were lifted into place in three weeks by Heereman's giant derrick barge.

New hopes for marginal fields

THE BERYL oilfield contains reserves of at least 800m recoverable barrels of oil. It is extremely unlikely that an oilfield of this size, or even approaching this size, remains to be discovered in the North Sea.

The next generation of North Sea *oilfields are likely, on* average to contain recoverable reserves of less than 100m barrels each, according to Esso UK's chairman, Mr Archie Forster. He points out that the average size of the 31 fields already committed to development is some 400m barrels of oil reserves.

Esso's chariman estimates that the industry could develop about *90 such* fields by the end of the century, requiring an expenditure of about £60bn. That is twice as much as the oil industry spent over the first 20 years of North Sea exploration and development, and will be spent over a shorter period.

Leaving aside the murky waters of fiscal policy, and assuming an oil price stable in real terms, it is clear that greater cost effectiveness is essential for a successful development of the marginal fields in the North Sea.

No doubt fiscal policy will have to play a part too.

Cost-saving

Dr Armand Hammer, Occidental's 86-year-old president said in London recently that *his* company had six oilfields of up to 100m barrels each in the North Sea. But none would be developed unless the UK Government reduced its tax take of North Sea oil revenues.

The oil industry and the offshore supply industry, therefore will have to play a major part in making possible the profitable development of small fields which may already be discovered, but are not yet regarded as commercial.

Dr John Jennings, the outgoing managing director of Shell UK Exploration and Production, the North Sea's biggest operator, believes that a 15 per cent reduction in development costs should be achievable.

The Economist Intelligence Unit was commissioned by Shell this year to explore the possibilities for lower cost future North Sea developments.

The report details the areas offering potential for cost-saving that emerged from a series of meetings of the offshore supply industry held by the Energy Business Centre. These were primarily as follows:

- Smooth flow of work to be planned for the North Sea, to prevent the "yo-yo" effert and bottlenecks. This would be the responsibility of the Department of Energy.
- Early involvement by fabricators and manufacturers at the design stage.
- Transfers of technologies from other industries (areospace, automotive).
- Shorter lines of communication and a rationalisations of paperwork.
- Standardisation of both materials specifications and tender documents.
- Standard solutions to products and structures.

These recommendations however do not touch, and are not designed to touch, the advert of a new kind of North Sea oilfield, which may consist of no more tha na single oilwell tied into an existing producing platform.

This concept of a low-cost piggy-back development is already being witnessed in the North Sea. At the beginning of this month Britoil was given the go ahead from the Department of Energy to develop—at a cost of only £25m—the tiny 14m barrel Deveron field, which lies just 3 km from the giant Thistle field. Britoil is now producing the field's oil through one well, which is a *satellite* of the Thistle platform.

Deveron is easily the smallest field ever to be developed in the North Sea. Energy Minister Mr Alick Buchanan-Smith said this month that Deveron was important in terms of marginal field development, demonstrating the feasibility of developing marginal fields in conjunction with an existing field.

A slightly larger version of the same concept *is* Texaco's Highlander oilfield, which contains about 40m barrels. This *is* being developed as a satellite *to* the Tartan oilfield.

The capital costs of Highlander's development are thought to be about £200m and it will be developed through a number of wells tied into the Tartan platform about 7½ miles to the south east.

A possible future application of the piggy back development *is Hamilton Oil's tiny Innes oil* field, which seems destined to be developed through one well tied into the Argyll oilfield.

A satellite

Argyll was the UK's first North Sea oilfield to produce. A case of the past and the future of North Sea oil development joined together.

It would be wrong to see the future of Britain's oil and gas reserves exploitation entirely in terms of small developments. While this may be true of the relatively mature North Sea, there is a largely unexplored hybrocarbon province west of Scotland, and in particular in the deep waters west of Shetland.

The oil industry has identified the potential, at least for very large fields. One, the Clair oilfield, has already been delineated, and could contain up to 4bn barrels of oil, making it the largest oil accumulation ever found offshore the UK. But Clair's oil is so viscous, the reservoir of such poor quality, that its development is most unlikely this century.

Mr Ed Blair, the vice-president of engineering and operations for Hamilton Oil points out the apparent paradox, that even if there are very large oil and gas accumulations west of Shetland they too could be described as "marginal fields." This would be because the deep waters and massive swell west of Shetland would make the cost per barrel produced dangerously high for all but the biggest discoveries.

However it is quite possible to envisage future development of small fields west of Shetland —if only there are enough of them. Recently British Gas discovered what appears to be a gasfield on its block 214/30 west of Shetland.

In itself the field is not large enough to be commercially developed on a stand-alone basis, according to British Gas, but *the corporation points out that* if a number of other such fields are discovered in the area, then a system of many subsea developments tied into an onshore or offshore central unit, would be a feasible method of recovery. Such developments, however, may have to wait until the next century.

Dominic Lawson

Why UK content proves a tricky subject

THE SUBJECT of the UK content of an offshore oil and gas development is always sure to provoke controversy.

UK content to politicians is often so much window dressing to UK contractors who feel hard done by when UK-registered companies, under *effective foreign control*, win jobs. Similarly, many a U.S.-owned or part-owned company is staffed almost exclusively by Britons sick and tired of being labelled foreign.

The problem does not stop with definition. Why does the UK Government insist on UK content in the first place, companies from EEC countries ask, with more than a fair share of justice?

Taking this last point first, the EEC content of the Beryl B project, considered by percentage of the 875 full orders placed, is 95 per cent. As well, 55 per cent of the 70 part-orders placed went to EEC-based companies making up 94.6 per cent of the 945 orders placed in total.

Difficult

But the UK Department of Energy insists — despite the avowed dedication of the current government to free market economy—on at least a 70 per cent UK content in offshore projects and it is not particularly moved by EEC arguments in this respect. However, as "genuine" UK content is difficult to define, it settles on the formal registration of the supplier or contractor in the UK to define an *order's* Britishness.

As explained elsewhere in this survey, Mobil is particularly adept at avoiding conflict with the *Department of Energy* and so it insisted on regular reports on UK content as the Beryl B project proceeded. In the event, it achieved a quite favourable result: Officially, Mobil states that the project had "more than 80 per cent" UK content. In fact, the detailed figures are somewhat better. UK companies received 86 per cent *of the full orders* placed—757 of them: and 83.6 per cent of all orders, a figure only dragged down by their 33 part orders making up 47 per cent of this category.

The question obviously arises, what happened to the other 20 per cent or so of orders?

The answer is that some equipment and some services simply are not available from the UK. For example, there has never been a UK company willing to take the risk of running a semi-submersible derrick barge which is able, like the Dutch company Heerema's *Balder*, to lift modules the size of those built for Beryl B. Nor, but for a *brief, if* valiant, effort in the 1970s with the *Viking Piper*, has there been a major British owned pipelay barge. (The Viking Piper ended up as the *LB 200*, owned by American construction giant McDermott, and has just finished laying the Norwegian gas line, Statpipe.)

Furthermore, even some UK contractors sub-contracted to non-UK suppliers. Some of the components and some of the *steel supplies that went into the* jacket, built at RGC Methil had to come from Japan. And, mostly owned by the British Steel Corporation at the time, RGC can hardly be accused of not being British.

Likewise, KCA Drilling, the most British of the four offshore drilling contractors generally assumed to be British (KCA is *100 per cent UK owned* and operated), was responsible for a major achievement in designing, procuring, managing fabrication and commissioning the innovative Beryl B drilling package. It also has the platform drilling contract, now that production is under way. But it fabricated the drilling modules in Holland, awarding the contract to Mercon Steel Structures, and it has a host of sophisticated U.S.-designed drilling hardware on (and over) the drill floor. The North Sea's first use of lighter, more flexible aluminium drill pipe which will be used for drilling operations (and is thus, strictly speaking, not part of the Beryl B construction project) will come *from* the U.S.

KCA's drilling package: British designed but built in Holland.

However, 83.6 per cent is a very high figure for UK content to reach. And it was not reached, in some demonstrable cases, by just worrying about scowls at the Department of Energy. Rolls-Royce openly competed and won on merit the contract to supply the main platform gas compressor drive, an aeroderivative gas turbine. John Brown Offshore won the engineering and management contract *for the jacket and template*. In turn, it and Bechtel awarded major fabrication contracts to UK yards: Accommodation modules and helideck to Redpath Engineering and upper production — deck and facilities — to Cleveland Offshore, both part of Cleveland Redpath Offshire (CRO) in Teeside; jacket to RGC of Methil, Scotland — *like CRO, now part of the* Trafalgar House empire; and flareboom to Motherwell Bridge of Leith. AOC International of Aberdeen won the contract to hook up the platform facilities, even though its workers lived during this operation on a Swedish-owned accommodation barge (there isn't an equivalent UK owned one, again) the *Safe Karinia*.

What is even more important is that for the most part, UK contractors fared very well. What hitches developed were remedied by fabrication rescheduling and the project went ahead on time. Also, the crucial weight-control side of fabrication was achieved with remarkable accuracy. Some items were even able to be moved from a planned offshore hookup schedule to onshore installation. As offshore hookup is more expensive, this is an important achievement.

Bechtel's project manager, Jerry Dacy, makes the point *that "once a module is more* than 90 per cent complete it is difficult to quantify the exact level of completion." The Beryl B modules were over 90 per cent complete when taken offshore. Indeed, Redpath's accommodation modules were so complete that "we were at the stage of cleaning the windows," Dacy says. And Mobil's Cullen Williams comments that the size of the Beryl B modules meant putting more than the usual amount of work into a single yard.

Williams adds that Mobil was especially pleased with the work of the UK's John Brown Offshore, and impressed by the fabrication techniques of RGC and its French partner UIE.

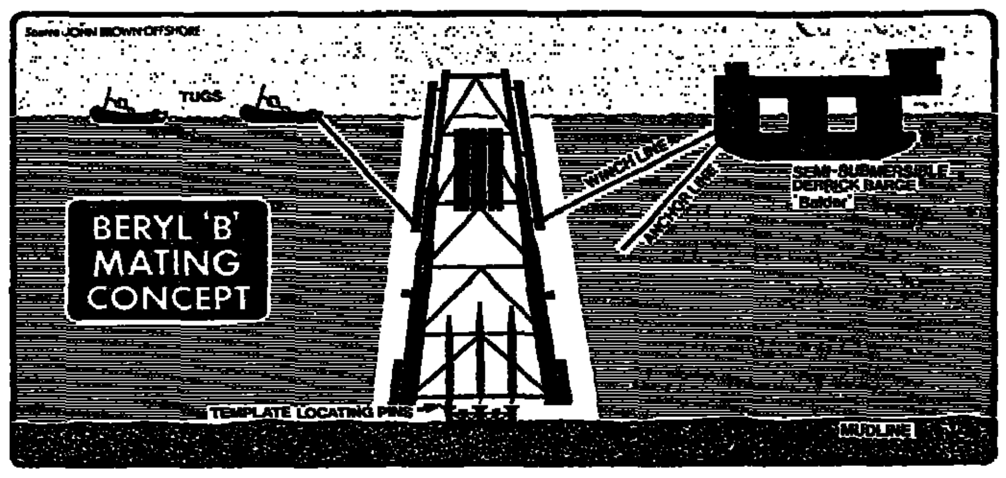
Of course, much of the credit for speedy delivery and efficient co-ordination goes to the U.S. oil company Mobil and its U.S.-owned prime contractor Bechtel. Are they UK? Their UK subsidiary registration document says so. Their UK employees and suppliers are happy for them to be. The argument will surely continue, but for now, Beryl B is 83.6 per cent British. 95 per cent EEC. on time, and that's how it will go down in the record books.

James Ball

A look at the docking technology for the Beryl B jacket

The jacket that had to be a perfect fit

IN THE EARLY days of North Sea oil and gas development, the technological know-how came almost exclusively from the U.S. Gulf of Mexico's offshore industry. Now, after almost two decades of North Sea production, a technique developed here for Mobil is to be applied in the U.S. Gulf on Mobil's Green Canyon 18 field.



The technique was developed by the UK-based engineering joint venture company John Brown Earl and Wright to dock the Beryl B jacket in place over a template with six pre-drilled wells. Although Mobil's Gulf coast field is in 765 feet of water (against 390 feet for Berly B) the principle and the reason for doing so are the same: by setting down a template and pre-drilling the *first production* wells through it, production is virtually ready to begin as soon as the platform is commissioned.

While the platform jacket and topsides are being designed and built, drilling can be undertaken simultaneously. Normally it begins years later, when the platform is commissioned.

Beryl B was not the first platform in the world, let alone in the North Sea, to be docked over a pre-drilled template but it was the first to use a system of locating pins to drop the platform accurately within centimetres of its intended location.

Launch barge

The completed "jacket"—the steel structure on which the platform facilities stand—was towed out from Methil on May 6 1983 on a launch barge. Once launched, it was gradually upended and pulled over the template with an anchored derrick barge on one side and tugs on the other.

At this stage it was floating 12 metres above the seabed to clear the template. Then, three locating pins were dropped into positioning cones and the jacket was ballasted down to the seabed.

It is this process, which began with the start of the launch decision meeting at 1.30 am on May 9 and ended at 6.55 pm the same day with the ballasting down of the jacket, which represents one of the main technical achievements of the *Beryl B project*.

The story actually begins years earlier. John Brown Offshore was given the job of designing the jacket, the template and the method of mating the two, in August 1979. JBO also won the contract to manage fabrication and installation.

It contracted the engineering to John Brown Earl and Wright (JBEW), a joint venture whose partners have since gone their separate ways.

JBEW examined 12 different ways of mating the jacket and in the end settled on the method of using locating pins. Put simply, an alternative method is to bang the jacket against piles driven in the seabed so that it bounces back into place. This method was rejected because the Beryl-B jacket had to be as light as possible, and it was feared that damage to the jacket could result from banging it around.

The plan to use locating pins required accurate placing and levelling of the 220-tonne template and this was achieved in the autumn of 1980. The three 1.68-metre diameter piles which were to receive the jacket locating pins were grouted in place and cut free from the template to avoid joining the template when the jacket pins were subsequently lowered into them.

On the jacket, built at RGC Methil in Scotland, the three locating pins were installed along with a chain and wire *rope mechanism to lower them* into place or to lift them up if a problem developed.

The pins were 1.45 metres in diameter and 39.5 metres long. The tapered shape of the pin allowed it to be locked tightly in the jacket during tow-out and launching of the jacket, but to become slack within the jacket guide slots when lowered, to add tolerance to the operation. The jacket arrived on location three days after it left Methil.

Guiding cones

Before the pins could be dropped, additional guiding cones had to be emplaced on the three positioning piles in the sea bed and this operation alone took three hours. With an array of positioning devices in place, ranging from TV cameras inside the actual receiving piles, to acoustic transponders which sent out signals to locate the jacket in relation to the template, the operation began.

Fortunately, excellent weather prevailed. So, at 1:30 am on May 9, a meeting commenced to decide whether or not to launch the £38m 14,400 tonne jacket. At 4:40 am the decision was taken and detailed checking of systems began.

At 10:55 am the jacket was launched from the barge and detailed checking of the structure began again. Upending commenced at 12:16 pm and almost six hours passed before the jacket dropped slowly into position on the seabed.

Once upended, in two stages, the jacket was held in place by the Heerema derrick barge Balder on one side and two tugs on the other. The array of navigational equipment aided the positioning of the jacket over the template and the same procedure enabled the jacket to be steadied vertically over the positioning piles.

Scale models had been used in the design stage to predict how the jacket would behave, and its motions were measured during the operation by motion monitors on the jacket and by TV cameras. So, when the huge floating structure was moving within acceptable limits set by the designers, mating could begin.

It is illustrative of the risk involved in such an operation that before the jacket could be aligned over the template, a mating certificate had to be issued to the marine consultants and this was given at 4:00 pm.

One hour later, the TV cameras inside the positioning piles picked up the blinking strobe lights on each of the three locating pins. Then, two pins were lowered together into position followed by the third pin and the ballasting of the jacket into position could begin. It landed just eight hours after being launched.

For the next three weeks, the jacket was piled and grouted to the seabed before lifting of the topsides could begin.

J.B.

APPOINTMENTS

E.R.F. management posts

ERF (HOLDINGS) has made a number of management appointments. Mr Cyril Acton becomes managing director of ERF, the group's heavy truck manufacturing company. A member of the holdings company board, he was previously deputy managing director. Mr John "Dai" Davies, managing director of ERF South Africa (Pty) and Mr Bryan Hunt, sales and marketing director of ERF, join the board of ERF (Holdings). Mr Peter Foden will continue as chairman of the holdings company. He will also take up a new role as chief executive of the group, as well as being chairman of the subsidiary companies.

★

GAMBICA, an association for instrumentation, control and automation industry, has appointed Mr Brian S. Swabey, managing director, Whippendell Electrical Manufacturing Company (Watford), as honorary treasurer in succession to Dr Lyndon Davies, marketing director, Pye Unicam. As treasurer, Mr Swabey also becomes a member of the association's council and general purposes and finance committee. Other appointments to the GP and F committee are Mr Michael Powell, chairman and managing director, Foxboro International; Mr Wally Morgan, managing director, Perkin-Elmer; and Mr Bill Goldfinch, managing director, Thorn EMI instruments division.

★

Mr Gordon Younger, branch manager at the CO-OPERATIVE BANK, Durham, has been appointed head of clearing at the bank's clearing centre in London.

★

Mr Michael Caro and Mr Michael Smith, previously associates, have been admitted to the partnership of BAKER AND MCKENZIE.

★

Mr J. R. Richards has been appointed to the board of SOLEX as financial director and retains the office of secretary. Solex is part of Groupe Matra.

★

Dr Keith Nimmo, senior manufacturing consultant with PA Management Consultants, has been appointed secretary and board member of the INSTITUTE OF MANAGEMENT CONSULTANTS OF SCOTLAND.

★

PILLSBURY UK has appointed Mr David Pearson as a director with special responsibility as general manager of Green's of Brighton. He previously worked as marketing director of food brokerage company, Crombie Eustace.

★

PROFILE CONSULTING has opened offices in Manchester and Harrogate. Mr Alan Wilkins has joined from Price Waterhouse Urwicks as director responsible for the northern operations. Mr Derek Horne, a director, takes over the marketing and sales consultancy division. Mr Paul Johns has been appointed director responsible for the management development division based in Gloucester. All three were previously senior partners in the Urwick Group.

★

Mr Alan P. Theakston has been appointed a director of GREYTOWN INVESTMENTS and its subsidiary companies, which form the property division of Ropner.

★

Mr A. J. Hawkes is joining the marine department of HOWSON F. DEVITT & SONS, part of the Devitt Group, as an assistant director from November 1.

★

Mr William Connell has been appointed to the board of HAWKER SIDDELEY POWER ENGINEERING as sales director, Middle and Far East. He joins Hawker Siddeley from John Brown.

★

Mr Tom Mayer, chief executive of Thorn EMI Electronics, has become chairman of the United Kingdom Industrial Space Committee (UKISC). One of its principal roles is to persuade relevant government departments of the importance of future space development to the UK.

★

FRESHBAKE FOODS GROUP has appointed Mr Christopher Boydell as group secretary. He was group secretary of Thos. W. Ward prior to its becoming part of RTZ in 1981.

★

Mr Brian Hanley, general manager of Perkin-Elmer Data Systems, and Mr David Cowie, director of Perkin-Elmer's European software development group, have been appointed to the PERKIN-ELMER DATA SYSTEMS board.

★

MERRILL LYNCH EUROPE has appointed Mr Jeffrey Lawrence as executive director of a newly-formed corporation Financial Services Division (UK).

★

BROWNLEE, Scottish timber and builders merchants, has appointed Mr David P. Walker to the board. He is group sales manager.

★

Mr K. W. Boddington has been appointed managing director of MONO PUMPS (UK). He joins from Allspeeds Holdings, where he was managing director.

★

Mr John Douthwaite has been appointed director of SOUTHAMPTON (EASTLEIGH) AIRPORT. He was airport director at the local authority-owned Tees-side Airport.

★

CHARTERHOUSE J. ROTHSCHILD has appointed Mr Christopher C. Brown, as director of planning, and Mr David J. Wood as group treasurer.

BASE LENDING RATES

A.B.N. Bank	10½%
Allied Irish Bank	10½%
Amro Bank	10½%
Henry Ansbacher	10½%
Armco Trust Ltd.	11 %
Associates Cap. Corp.	10½%
Banco de Bilbao	10½%
Bank Hapoalim	10½%
BCCI	10½%
Bank of Ireland	10½%
Bank of Cyprus	10½%
Bank of India	10½%
Bank of Scotland	10½%
Banque Belge Ltd.	10½%
Barclays Bank	10½%
Beneficial Trust Ltd.	11½%
Brit. Bank of Mid. East	10½%
■ Brown Shipley	10½%
CL Bank Nederland	10½%
Canada Permn't Trust	10½%
Cayzer Ltd.	10½%
Cedar Holdings	11 %
■ Charterhouse Japhet	10½%
Choulartons	11½%
Citibank NA	10½%
Citibank Savings	¶11½%
Clydesdale Bank	10½%
C. E. Coates & Co. Ltd.	11½%
Comm. Bk. N. East	10½%
Consolidated Credits	10½%
Co-operative Bank	*10½%
The Cyprus Popular Bk.	10½%
Dunbar & Co. Ltd.	10½%
Duncan Lawrie	10½%
E. T. Trust	11 %
Exeter Trust Ltd.	11 %
First Nat. Fin. Corp.	13 %
First Nat. Secs. Ltd.	12 %
■ Robert Fleming & Co.	10½%
Robert Fraser	11 %
Grindlays Bank	‡10½%
■ Guinness Mahon	10½%
■ Hambros Bank	10½%
Heritable & Gen. Trust	10½%
■ Hill Samuel	§10½%
C. Hoare & Co.	†10½%
Hongkong & Shanghai	10½%
Kingsnorth Trust Ltd.	10 %
Knowsley & Co. Ltd.	11 %
Lloyds Bank	10½%
Mallinhall Limited	10½%
Edward Manson & Co.	11½%
Meghraj and Sons Ltd.	10½%
Midland Bank	10½%
■ Morgan Grenfell	10½%
National Bk. of Kuwait	10½%
National Girobank	10½%
National Westminster	10½%
Norwich Gen. Tst.	10½%
People's Tst. & Sv. Ltd.	12 %
R. Raphael & Sons	10½%
P. S. Refson & Co.	10½%
Roxburghe Guarantee	11½%
Royal Bk. of Scotland	10½%
Royal Trust Co. Canada	10½%
■ J Henry Schroder Wagg	10½%
Standard Chartered	‖10½%
Trade Dev. Bank	10½%
TCB	10½%
Trustee Savings Bank	10½%
United Bank of Kuwait	10½%
United Mizrahi Bank	10½%
Volkskas Limited	10½%
Westpac Banking Corp.	10½%
Whiteaway Laidlaw	11 %
Williams & Glyn's	10½%
Wintrust Secs. Ltd.	10½%
Yorkshire Bank	10½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 7.25%. 1 month 8.00%. Fixed rate 12 months £2,500 9.75% £10,000. 12 months 10.00%.
† 7 day deposits on sums of under £10,000 7¾%. £10,000 up to £50,000 8%. £50,000 and over 8¼%.
‡ Call deposits £1,000 and over 7¾%.
‖ 21-day deposits over £1,000 8½%.
§ Demand deposits 7¾%.
¶ Mortgage base rate.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Industrial relations

End of the line for a cosy way of life

BY DAVID GOODHART

BRITISH TELECOM'S industrial relations are passing through a cultural revolution.

The shift from public corporation to private business is becoming a key test of the Government's favourite reforms: greater devolution of BT's highly centralised bargaining; a widening of pay differentials; a loosening of demarcation and a crackdown on overmanning.

The degree to which these—and other—changes succeed in penetrating BT's once cosy way of life will be an important indicator of the real state of British industrial relations.

The early portents for the advocates of change have been good. Mike Bett, corporate director of personnel, says there has been a "perceivable shift in attitude" since the introduction of competition, profit centres, etc. over the past two years.

The unions remain opposed in principle to privatisation (over 95 per cent of BT's staff are union members) and at the height of last year's campaign it was rejected by the majority of staff. Now it is here, along *with the £70 worth of free* shares for each employee, most are waiting and seeing.

But Bett's personnel department is already behaving in a far more bullish fashion. "When I first came here this department spent most of its time telling managers they could not do the things the chairman was urging on them to improve efficiency. Now we are removing those bars," he said.

In the past 18 months Bett has threatened to give six months' notice on three major union agrements if reforms could not be negotiated. In two cases he has carried out the threat and in the third the union accepted the changes.

When the new left-wing leadership of BT's biggest (and traditionally right-led) union—the Post Office Engineering Union—began an overtime ban in some of the main international exchanges at the end of last year the management *took determined* and unexpected action the moment it began to bite. They effectively locked out the 1,200 engineers who refused to work normally and ran it with 300 managers.

Previous articles in this series appeared on October 8, 10, 12 and 15; the next will be published on October 19.

While top management might have shocked union officials and impressed customers by their aggression they have only won the first battle and by their *own accounts still have a long* way to go.

"When 250,000 civil servants suddenly find themselves in the private sector there is bound to be resistance to some changes," says Bett.

That resistance extends from middle management to labourers, all of whom have previously enjoyed "model" agreements on pay, hours and job security. To many outsiders—trade unionists or managers—most of the changes now being proposed would seem astonishigly mild but judged by their own past experience the accusations of "macho management" are understandable.

And BT has been a remarkably "family" organisation. *Nine out of ten staff have spent* their whole working lives in the company and between one-third and a half of all employees folfowed an immediate relative into the business. Those figures have, unusually, applied to management grades too and although there has recently been a steady inflow of new management blood—managers remain unusually close to the shopfloor.

The three main areas senior management are now pushing to roll back the *status quo* even further are: jobs; pay and flexibility; and devolution of bargaining.

Jobs: It is widely assumed that BT is overmanned. Comparisons with other national telecommunications companies are notoriously unreliable because of differing functions, technology and degree of subcontracting, etc.

But while the Bell Atlantic Corporation in the US serves 14.6m subscribers with 80,500 employees (ratio 181:1) the Nippon Telegraph and Telephone services 41.1m subscribers with 323,000 employees (127:1) and the French PTT serves 20.7m with 165,345 employees (125:1), BT looks job-heavy with 240,000 staff for 20m subscribers (83:1).

The BT board refutes the wilder rumours of 100,000 job cuts but will insist on reviewing manning levels: it is already close to the aim of shedding 15,000 jobs in three years by March 1985 — despite heavy recruitment in marketing and computers. The POEU has seen job opportunities in its grades decline for the first time ever this year.

These trimmings have come simply through what BT calls "good housekeeping" — for example, *closing* unnecessary supply depots and cutting apprenticeships to a trickle. The major redundancies from technology have yet to come.

Compulsory redundancy has been unknown in BT for many decades. *Since 1979 it has been* formally ruled out by the Job Security Agreement (for POEU members) and the Telecom Redeployment Agreement (for the Union of Communication Workers which represents *operators*). *BT management is* now exerting strong pressure for reform of these agreements.

BT is also keen to speed up voluntary early retirement by quietly improving the already generous terms. Staff can now retire up to six and two-thirds years before 60 on full pension plus a lump sum of one and a-half years' salary.

But brokers De Zoete and Bevan's "pessimistic" estimate of 2,000 jobs to be shed a year up to 1988 is probably safest. The unions are likely to have wide support for their no-redundancy fight partly because of BT's low average age (in POEU grades it is 35½), and the board may tread more warily than its rhetoric suggests.

Pay and Flexibility: Changing technology is bringing in its wake new skill requirements which, as in other parts of industry, involves a widening gap between higher and lower skills and a thinning out of the middle skill ranges.

BT is keen to break the link between the pay of the top tech*nicians — whom it recognises* it may have to pay more to retain — and the lower grades. A widening of differentials was pressed hard, but unsuccessfully, at this year's pay talks. It also featured in the engineering restructuring package — seeking greater job flexibility — rejected by the last POEU conference.

Most grades of staff are likely to remain close to the top of national pay league tables and the present BT average of £9,000 per annum is expected to increase a point or two above inflation in the years after privatisation.

Ironically while the unions are playing down pay relative to the jobs fight, BT will be loosening the purse *strings* a little to try to buy-out Spanish customs and thus break the competition. (Labour costs are now 43 per cent of BT's total.)

Devolution of bargaining: Productivity has been rising—although the 5.8 per cent improvement recorded this year may not be wholly reliable. It may improve even faster when BT introduces local productivity bargaining to replace what it regards as the spurious national productivity deals of the past few years.

The desired extent of managerial devolution in other fields remains an open debate at senior levels. Bett says basic negotiations on pay, hours and holidays will remain at the centre "at least for the immediate future." Engineering restructuring is, however, expected to come in locally.

The unions are resisting many aspects of devolution—but they are also adapting their own centrally-based structures to mirror the changes in bargaining.

When the BT section of the *Civil and Public Services* Association (representing 35,000 clerical workers) joins the POEU—the unions in the business will also have been rationalised from six to four within 18 months.

That merger may cut down on some inter-union squabbles likely to arise over the sales office computerisation programme. But Bett is also aware of the likely increased industrial muscle and stresses that the contingency plans for dealing with disputes in vulnerable areas are continually being reviewed.

How often will that muscle be used? Last year's "defeat" has certainly shot down the myth of the all-powerful "electronic miners" beloved of some POEU activists. But even though the Militant Tendency group on the executive now has a lower profile and the union's more moderate full-time officials have reasserted themselves, the wider "soft" Left remains in control and ready for another punch-up if necessary.

David Norman, the POEU treasurer, believes there will be much more localised industrial action as local managers seek to revise national agreements or push too hard on jobs.

"Both sides obviously retain —but they are not going to be a vested interest in BT's success walked over. I do hope that the senior management will stop copying some of the worst aspects of American management because otherwise a number of major projects will be threatened," *says Norman.*

In easier days the union had a largely co-operative attitude to new technology—that co-operation may now be withdrawn. In fact the POEU executive is already merely suspending the blacking of System X pending serious negotiations with BT on the union "broad strategy" for a 32-hour four-day week.

Those points must be qualified by the fact that compared with many other groups of workers BT's employees are not faced with a major retrenchment—and those with telecommunications skills will find a buoyant job market outside BT.

However, as the unions regroup and prepare for the real jobs battle a number of serious flashpoints are already visible on the horizon.

"Last year privatisation was rejected by the majority of staff"

Trevor Humphries

Employee attitudes

West Germany and Canada display high effectiveness

WHEN IT comes to matters of pay, management and employee communications, British industry has a poor reputation compared with many of its major *international* competitors.

The average British company is generally perceived as being one which pays poorly, is managed badly and does not communicate much with its work force — in short, a stereotype which is often deemed to be the reason for the country's poor industrial record over recent years.

While there is plenty of evidence to suggest that this view is changing, a new survey* of international employee attitudes reveals that UK *companies* still lag demonstrably behind their counterparts in North America, Europe and the Far East, although British management is now ranked on a par with many of its foreign counterparts.

The survey, by ISR International Survey Research, the European arm of Chicago-based International Survey Research Corporation, a leading attitude research company, covered more than 10.5m employees in nearly *600* organisations in the U.S., Canada, the UK, France, West Germany, the Netherlands, Australia and Japan. The information was aggregated from client surveys over the past 12 months.

In contrast with British workers, Japanese employees generally considered their companies to be well managed, although they rated their pay and benefits less positively than their counterparts in the *Netherlands, Canada, Germany* and Australia.

The highest ratings of management effectiveness came from German and Canadian workers. In the UK, 59 per cent of employees felt that *their companies* were well managed, more than in France and Australia.

UK employees ranked their companies highly in terms of management interest in their welfare, providing employees *with recognition* for work well done and being receptive to employee suggestions for change.

"On balance, with the clear and significant exceptions of Japan at one end of the spectrum and France at the other employee perceptions of the man-management skills of their managements do not differ greatly between countries," say the researchers. "UK management is seen as no less competent, or no more competent, in this regard than their counterparts."

But the picture changes dramatically when it comes to what UK employees think about their rates of pay and benefits and the level of communication within their companies.

Just 50 per cent thought they were well paid for the work *they did while as many* as 55 per cent thought that internal pay differentials were a problem. Almost half the employees thought they were underpaid in comparison with market rates — and a similar percentage said their company's fringe benefits did not fit their needs.

"UK employees' perceptions of compensation within their organisations are significantly more negative than in any of the other countries," says the study. "Weaknesses in one area are not offset by strengths in another, as they are in some countries, so while the UK rarely scores lowest on any one dimension of employee perception of compensation, it scores lowest overall."

In terms of downwards communication, only 41 per cent of UK employees thought their employer did a good job of keeping them informed about important matters. As many as 80 per cent said they did not depend on official channels for company information.

Only half said they felt able to by-pass their immediate boss if they were dissatisfied with a decision.

"Employees in the UK perceive communications within their organisations to be less effective than employees in any of the other countries," the study adds.

**Employee Attitudes towards their Employers — an International Perspective. Available from 87, Jermyn Street, London SW1Y 6JD. Price £25.*

Arnold Kransdorff

Wildscreen 84/Christopher Dunkley

A bestial Kama Sutra

King Lear would have enjoyed himself in Bristol this week. Lear, you may recall, declared: "Let copulation thrive!" and during the past six days we have watched not just common or garden copulation but copulation under water, copulation in the air, copulation on mountain tops and in deep valleys, even copulation in mud. Copulation has thrived as though it were going out of fashion.

This frantic sexual activity has been occurring, of course, on television and the copulators have ranged from delicate dragonflies to 30-foot crocodiles, from lizards in Costa Rica to starlings in Holland, from adders in Wales to lightning birds in Africa. The occasion was Wildscreen 84, organised by the World Wildlife Fund with help from the BBC, Central Television, and the Bristol and West Building Society at the Bristol Watershed, a dockside warehouse charmingly converted to a mass media centre.

Those who watched either *Wildscreen at Watershed* on Channel 4 last night or the actual awards ceremony broadcast by BBC2 in *Wildscreen 84* will already have some idea of what has been going on and may know that the Gold Award was won by a magnificent programme called *Sarawa: Tidal Forest* about life in a Borneo mangrove swamp directed by Phil Agland for the small British independent company Partridge Productions Limited and shown in Channel 4. It was sheer coincidence that this film featured the most delightful of the week's copulations, that of the bright blue fiddler crab in which the male tenderly strokes the female with his outsize pincers as they mate.

This was the second Wildscreen Festival; the first was in 1982. This year 127 films were entered by 21 countries from which the organisers selected 35 finalists to be shown to the jury chaired by Sir Peter Scott, and comprising programme producers Kazuo Okada of Japan, Otto Nes of Norway, and Nicholas Noxon of the U.S., and myself. We watched programmes from morning til night, starting last Thursday and finishing on Monday afternoon. Our only playtime was on Sunday after lunch when we visited the Wildfowl Trust at Slimbridge with its founder, Sir Peter. However, we made up for that by continuing to watch through Sunday evening, with care, cajoling and comfort in about equal measures from our minder, Ivan Hattingh of the WWF.

Experience suggests that serving on television festival juries is rather like serving on submarines: Shut into a confined and windowless space and kept there until you have fulfilled your mission, you and your comrades develop remarkable camaraderie. But do television festivals serve any purpose other than making the winners feel good, the losers feel bad and the judges feel tired? This one surely does.

Our experience was, of course, artificial: No normal viewer would ever see all these programmes, let alone watch them in succession. Yet they have all been available to the viewing public somewhere or other, many of them in Britain, and their cumulative message is overpowering.

In other respects the genre maintains its traditions: There are still dedicated individualists (mostly cameramen who, of necessity, have become their own scriptwriters, directors and editors) making lovingly-crafted life-cycle films about individual species. Alan Root is one of the best known and his beautiful film about the life and extraordinary nest-building habits of Africa's "lightning bird", another *Survival* programme, came near the top of our four lists—best camerawork, best editing, even the Gold Award — that although it did not quite win any of these, we eventually created a special award in order to give Root his just deserts.

He was narrowly beaten into the first place for the cameraman award by Naresh Bedi of Delhi who took five years to make his first independent film *The Ganges Gharial* (Channel 4 again) showing for the first time on film the full life cycle of this weird looking thin-nosed crocodile, including its egg laying and in addition the efforts being made by the Indian Government to save it.

Wildlife programmes have changed radically in the last 20 years. Nowadays, the personality cults built around people such as Hans and Lotte Haas or Jacques Cousteau have disappeared. Those "Look at me, I've got a Landrover" films are very rare today thank goodness. The sole example to reach the jury at this festival was one of Anglia Television's *Survival* series called "The Mysterious Journey" in which the cameraman and his wife proved more adept at filming their aeroplane, their amphibious car and of course their Landrover, than the antelope which were supposed to be their target. It looked sadly old-fashioned.

It was this sort of concern for conservation regarding so many species in so many parts of the world which provided such a powerful message for everybody on the Wildscreen jury.

The plight of the tropical rain forests is a particularly topical case and we saw so many examples first of the forests' richness and beauty and then its destruction that the message became overwhelming and in the end we had to ease the tension and sadness with jokes. "If they set fire to this bit, I'll scream," said Nick Noxon, after we had watched jaguars mating in a bosky dell. They set fire to it. "When will men learn that rain forests don't grow on trees?" mused Sir Peter.

Vultures pick over the corpse of an impala in Zambia's Kafue National Park—one of the pictures from the Financial Times Wildlife Exhibition at the Museum and Art Gallery, Bristol. The photographs, by FT picture editor Glyn Genin, are part of the World Wildlife Fund Festival

Even the other typical sort of programme, the measured look at the ecology of some particular habitat such as ocean, desert or mangrove swamp, often ends nowadays with a warning about man's careless destruction and a plea for conservation. Heartening, in view of the criticism so often aimed at television for its mindless game shows and soap operas, it is a plea which, thanks largely to television, is surely getting through.

Britain is inhabited today by an entire generation raised on series from *Zoo Quest* to *Wildlife on One*. There may never have been so many species under threat, but nor have there ever been a generation so acutely aware of that threat. Huge undertakings such as Adrian Cowell's three-part *Decade of Destruction* for Central Television explained in detail how the vast South American rain forests could disappear in our lifetime if present habits are not stopped, while a stomach-churning little German programme called *Save the Turtles—Now!* provided all-too-graphic details of turtles for the German and Japanese markets being cut up alive by Indonesians. The message has been pounded home to us: Conservation—now!

Worthy though their intentions may be, however, there is one lesson. Unadulterated pessimism is neither attractive nor encouraging. Finger-wagging programmes which do nothing but induce guilt in the viewer are neither enjoyable nor constructive. Far more effective are the programmes which hold out some hope, albeit slim: *The Story of Yelowfoot* from Australia showing how the rock wallaby has survived, *The Polar Bear* from Sweden, telling how extinction has been avoided and how numbers are increasing, *The Mountain Gorilla* in Central's "Nature Watch" series detailing Ruwanda's conservation policies, and above all, the BBC's *Living Planet*, have provided glimmerings of optimism.

Incidentally, although there can surely have been little doubt, *The Living Planet* has proved at this festival to be a towering achievement, winning three awards for best script, best editing and best conversation message. The vast scope and marvellous professionalism of this enormous undertaking was quite unmistakable even though only two of the 12 episodes competed in the final short list. The films competing for the beginner's prize, notably the Norwegian entry about mosquitoes, *A Bite for Survival*, and the Finnish entry, *The Dragonfly*, which in the end made co-winners, were naturally enough modest by comparison. But the significant point is that 20 years ago films as good as these would have been winning Gold Awards at festivals of this sort, had they existed, not beginner's awards.

An Honourable Trade/Royal Court

Michael Coveney

A new play setting out to report on sexual depravity and corruption in the higher reaches of the Conservative Party might not be the appropriate ticket at the moment. The Royal Court's advertising, promising sex scandals in Westminster with a hint of high jinks in pyjamas does not exactly eradicate the latest images we have of politicians in their nightwear stumbling along the esplanade at Brighton.

But even allowing for the unlucky timing, G. F. Newman's play about the ascent to the Lord Chancellor's Woolsack of a moderately kinky Attorney General does not strike me as either shocking or even interesting.

After Profumo, Parkinson, Thorpe, we assume that any scandalous irregularity in a politician's private life will be punished. We may not like that very much, but it is what the decent majority expects. What Mr Newman does is roll a lot of little details from those cases, at the same time playing on our vague memories of gossipy rumblings about luncheon voucher parties, and build up a picture of a corrupt political party taking care of itself at the expense of prostitutes, wives, mothers and secretaries. I find this all really rather tame and dripping with cliché.

Mr Newman admittedly lands the Attorney-General, Sir Walter Pursar, on the end of a couple of rape charges, one brought by a suddenly politicised whore after Pursar has skidded across the floor at her, the other by his son's former girlfriend whom he has leapt on in the bathroom. And his position as a righteous arbiter of public morality would obviously be damaged were these cases to be pursued.

Pursar's dilemma is that he opens the play, in the echoing panelled chamber of the House of Commons (designed by Geoff Rose) reassuring the Members on a case of widespread police corruption, the nature of which is never specified, while hoping to puncture the scandal by prosecuting just two of the 483 alleged offenders.

He is also responsible for blocking a rape charge brought against her own husband by one Mrs Bunworthy. (The Jonsonian names also include a private secretary to the Prime Minister called Brian Pigg, a prostitute called Janet Hole and a Director of Public Prosecutions called Sir Trevor Rump.)

After Mr Newman's gripping stage play about the Operation Countryman enquiry and his marvellous television work, Mike Bradwell's lacklustre and undistinguished production is a severe disappointment. Richard Wilson has a sonorous Scottish respectability in the House which crumbles into furtiveness as he visits his hired mistress or trembles in committee rooms.

Felicity Dean and Donald Sumpter lend versatile quick change support, but the writing is too often either rambling and repetitive or simply threadbare. And if you are going to bring on a version of the current Prime Minister, she should be better done than she is here. We have had far too many competent impersonations to be satisfied with Shirley Dixon's effort. And, as we all know, there is no substitute for the real thing.

Glyndebourne Touring Opera

Ronald Crichton

This year's Glyndebourne Tour marks the 50th anniversary of the summer festival with Mozart's *Figaro* and *Così fan tutte* — the two operas performed in the very first season. It also includes the double bill of *Where the Wild Things Are* and the (new) *Higglety Pigglety Pop!* by Oliver Knussen, with settings and costumes by the author, Maurice Sendak. The tour opened last week at Glyndebourne before going on in successive weeks to Oxford, Southampton, Plymouth, Manchester and Norwich. The two Mozarts showed the touring company at its valuable best, with the Peter Hall productions rehearsed by his assistants (Roger Williams for *Figaro*, Lucy Bailey for *Così*) and a mixture of talented young and more experienced British singers who have worked with the main company through the festival.

At the respective second performances, at least, differences between the approach to *Così* (which came first) and *Figaro* were clearly noticeable. Jane Glover conducted *Così* with calm understanding. The sound of the Bournemouth Sinfonietta was not exceptionally alluring — sustained chords were roughly balanced, and there were limp moments in the second half of act one—but rhythms were broad and strong, and in the solo singing there was no fudging or pecking. All this matched Hall's refusal to treat this opera as a frivolous entertainment. It was also a reminder of something those who can't see beyond the cork-popping and evening dress overlook — the English puritanical, almost missionary aspect of Glyndebourne.

More than just a frivolous entertainment: Glyndebourne Touring Opera's presentation of Così fan tutte. Eiddwen Harrhy (left) as Fiordiligi and Louise Winter as Dorabella

In *Figaro* the playing under *Lothar Zagroszek had more* surface sparkle, but behind the shimmer rhythms were unsteady in intention and execution. In *Così* everything, on stage and in the pit, came together for a splendid conclusion, but the last scene of *Figaro* went weakly, with an ineffective entry for the Countess and a messy firework display. Bury's sets for both operas have great virtues, but colour was never among them. The present lighting makes the worst of their dull and muddy

The cast in *Così* had the *advantage of a good Despina* (Lesley Garrett, nearer to the buxom soubrettes of Molière than to the little squeakers one has come to dread) and Alfonso (Roger Bryson, who has a tendency to move the upper part of his body too restlessly). The lovers were Eiddwen Harrhy (*Fiordiligi*), Louise Winter (Dorabella), Glenn Winslade Ferrando) and Peter Coleman-Wright (Guglielmo), strong in ensemble, where the edge on Miss Harrhy's high notes was a positive gain. Arias were sound but except for some beautifully poised phrases in Fiordiligi's "Per pietà," and in Guglielmo's contributions generally, they rarely took wing.

Figaro exhibited plenty of interesting talent. Both John Hall's Figaro (but he looks too scruffy for a successful ex-barber) and Jeremy Munro's spoilt, sulky whelp of a Count are lively, intelligent portraits. Rita Cullis (Countess) has developed into a most accomplished soprano, giving both her arias with excellently full and secure tone. The Cherubino of Jenny Miller, a potentially interesting reading, was hampered last Friday by *uncertain vocal condition.* Anne Dawson's Susanna was outstanding.

Behind the irrepressible impudence there was always the deeper side of the character, the sincere emotion. Miss Dawson's "Deh vieni" was outstanding.

For this tour, Glyndebourne are using English supertitles discreetly projected on a screen at the top of the proscenium—indications of dialogue and *action expertly and concisely* worded by Gillian Widdicombe. With slightly limited vision I found I couldn't see stage and caption at the same time and was therefore only distracted when I wanted to be. If this had been my first *Figaro* and Così in Italian I am sure I would *have found them helpful. There* are, however, other considerations.

SWRB/Sleeping Beauty

Clement Crisp

The *Swan Lake* which Peter Wright, with Philip Prowse his designer, staged for Sadler's Wells Royal Ballet in 1981, earned great praise for its intelligence as for its visual distinction. In that year the same team produced *The Sleeping Beauty* for the Dutch National Ballet, and I reported with much pleasure on the presentation. I report now with even greater pleasure on the ballet as it has been revised and embellished, and presented on Monday night in Birmingham.

It must be said, first of all, that it is visually ravishing. This is a touring production, made for a company numbering only 50 artists. Yet nothing in design or *mise en scène* suggests concept or effects constrained: The imaginative skill of producer *and designer* have overcome all the requirements of touring mobility to create a world of grandest opulence and theatrical magic.

Mr Prowse retains his original Dutch scheme of a permanent set of panels with a central obelisk, against which urns, trophies, candalabra, swags of fabric and dropped-in gauzes can suggest the varied locations of the action. Porphyry, *gold, the muted blaze of metal*lic tissues establish the world of Louis XIV for the first two acts. A lightening of tone by the use of pale blues and rose *Dubarry* tells us of the passage *of a century* and the age of Louis XVI. The costuming, the king and queen in vast trains, *is outstandingly successful: Like* Bakst, Mr Prowse has the taste and wit to convey correct historical outline of dress while yet retaining that vital element of theatrical fantasy.

Peter Wright honourably exposes Petipa's choreography according to the received Royal Ballet text, the interpolations of later hands sensitively replaced as in the new garland waltz (which is used with great skill to provide entries for the four suitors to Aurora's hand), and in the classic quartet at the start of Act 3. It is significant that some of Mr Wright's most telling emotional effects — Aurora's collapse after she has pricked her finger; the Prince's journey to the castle — are achieved by allowing the music full rein.

At Covent Garden the score is crassly cut, hustled along; Mr Wright gives the tragic orchestral sonorities that accompany Aurora's collapse time to cast their theatrical spell, and we sense all the court's despair; Florimund's journey, simply enough staged with dry ice and a troupe of nymphs, yet gains in urgency because the conflicting musical themes of good and evil are realised in the interventions of Carabosse and the Lilac Fairy. Throughout the staging there is a recognition of the dramatic savour — so strong in the music—that must inform the choreography;

More detailed comment about presentation and interpretations — led on Monday night by Marion Tait's Aurora — must wait until later viewings. I can merely note that SWRB artists *gave a magnificent account of* themselves. A masterpiece has been honoured.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Oct 12–18

Theatre

LONDON

Little Shop of Horrors (Comedy): Campy off-Broadway import which is less good than The Rocky Horror Picture Show but which has a curious charm and an exotically expanding man-eating prickly plant. (930 2578).

The Real Thing (Strand): Jenny Quayle and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143).

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a cliff-top rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rustling around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

West Side Story (Her Majesty's): Classic musical returns to its original London home with a fresh young cast of good *singers* and *dancers.* The thrills and spills of Bernstein's score and the Robbins choreography remain breathtakingly intact. (930 6606).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

Aren't We All? (Haymarket): Rex Harrison and Claudette Colbert in a meagre rarity by Frederick Lonsdale. Miss Colbert defies the march of time and still wears her hair the same way, with bangs. (930 9832).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

NEW YORK

Sunday in the Park with George (Booth): Not your conventional musical. Stephen Sondheim's latest is an inspired pairing with director and playwright James Lapine to bring George Seurat's painting to life, with Mandy Patinkin as the painter and Bernadette Peters as his imagined girlfriend, Dot. (239 6282).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Noises Off (Brooks Atkinson): Dorothy Loudon brings Michael Frayn's backstage slapstick farce to Broadway in Michael Blakemore's production that includes Brian Murray, Paxton Whitehead and Victor Garber as her backstage conspirators. (245 3430).

The Real Thing (Plymouth): After 14 months in London, Tom Stoppard's *latest giggle at the English intelli*gentsia, with a new-found attention to the heart that beats beneath the veneer, directed at a fast clip by Mike Nichols. (239 6200).

Glengarry Glen Ross (Golden): The Chicago cast from the Goodman Theatre provided David Mamet with a Pulitzer Prize for his latest work that pits fast-talking real estate salesmen against the world and each other. (239 6209).

Balm in Gilead (Minetta Lane): John Malkovich's energetic but nostalgic revival of an early Lanford Wilson play brings back the wide-eyed, drugged out 1960s and 70s to the accompaniment of Bruce Springsteen songs. (420 8000).

Quilters (Jack Lawrence): Based on American pioneer women's descriptions of their work in making quilt blankets, Molly Newman and Barbara Damashek's musical arrives in New York remounted from its modest origins in Denver. (307 5452).

WASHINGTON

Master Class (Eisenhower): David Pownall's thoughts on tyranny and artistic freedom as filtered through the gauze of Stalinist Russia starts its American run at the Kennedy Center. Ends Oct 20. (254 3670).

King Lear (Folger): The 15th anniversary of the replica Globe company starts off ambitiously. Ends Nov 4. (546 4000).

CHICAGO

Candide (Goodman): The first musical produced at the Goodman since 1978 brings Wheeler's version of Voltaire with the music of Leonard Bernstein and the lyrics of Stephen Sondheim, John Latouche and Richard Wilber. Ends Oct 28. (443 3810).

Baby With The Bathwater (Remains): Christopher Durang's comedy of the contemporary American family leans to the zany in the local premiere directed by Donald Moffett. Goodman Studio. Ends Oct 21. (433 3800).

Stage Struck (Steppenwolf): American premiere of Simon Gray's murder mystery about a stage manager who takes revenge on his actress wife and his psychiatrist. Ends Nov 4. (472 4141).

The Fifth Sun (Victory Gardens): Nicholas Patricca's new topical drama uses masks and ritual dances to explore the 1980 death of El Salvador archbishop Oscar Arnulfo Romero. Ends Oct 28. (871 3000).

TOKYO

Death of a Salesman (Sunshine Theatre, Ikebukuro). The Japanese version of Arthur Miller's classic, starring and directed by Takizawa Osamu (978-5281).

Kaiten Ningyo (Mysterious Mermaid) performed by one of Tokyo's leading avant-garde troupes Yume No Yuminsha. A fantastical and very visual piece set in the world of the Old Testament and the search for a mysterious mermaid, Honda Gekijo (493-6511).

The Cherry Orchard Imperial Theatre: Chekhov's masterpiece in Japan. Directed by RSC's Clifford Williams, in residence since August. The Toho Company (213-7221).

Cats (Cats Theatre): Approaching its first birthday and therefore Japan's longest-running (consecutive) play, this Japanese version is worth seeing. Excellent set, good dancing, Kabuki-derived movement. Shiki company, directed by Keita Asari (320-1001).

Kabuki (Kabuki-Za): Matinee contains both spectacular and grisly fare. Tamamonohae, based on the old legend of the demon fox is highlighted by laser lights, mid-air trapeze flying, magic performances. Banzuin Chobei starring Kichiemon has the murder-in-the-bath scene.

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No victory for the NUM

THE discussions on the miners' strike at the Advisory Conciliation and Arbitration Service have at least served to clarify beyond any possible doubt the positions of the two sides. The leaders of the National Union of Mineworkers will not agree to any form of words which enables the coal board to close pits on grounds other than exhaustion or geological factors. The board will not agree to any form of words which restricts its freedom of action in this way, although it is willing to submit closure proposals to an independent appeals body.

So the NUM is adamant in its determination to defy the laws of the market. For the leaders of the union, the coal industry cannot and must not be turned into a business in which management decisions are influenced by economic considerations. Such is the importance of coal to the nation—and, they might add, of mineworkers to the Labour movement—that the capacity of the industry must be maintained at as large a level as physical conditions permit. The cost to the country, in the form of higher coal prices and subsidies, does not enter into the calculation.

Retraining

In a rational world the future of the coal industry, which is owned and supported by the state, might have been discussed in a tripartite forum between union, management and Government. The speed at which the industry should move from losses to profits, the criteria for defining high-cost pits and the consultative machinery for handling closures, the availability of funds for job-creating projects in areas affected by pit closures, the retraining of miners who choose voluntary redundancy—all these are *matters* in which the Government has a direct and legitimate concern. It is perhaps regrettable that ministers should have distanced themselves from the conduct of negotiations in recent weeks; even now there is a good deal that the Government can and should be saying on these topics as part of its continuing campaign to win the hearts and the minds of miners — and of the country at large. But any thought of tripartite meetings remains hypothetical as long as the union insists on preconditions which it knows that no government can possibly accept.

Thus the propaganda war and the war of attrition seem likely to continue, with mounting costs for the coal industry and the country. Again, in a rational world, one might have expected more decisive intervention from the Trades Union Congress to end a dispute which is threatening the livelihood of so many trade union members. Most pragmatic trade union leaders must be asking themselves how much damage their association with Mr Scargill's cause is doing to the image and influence of the trade union movement. They are allying themselves with a man who has shown his contempt for the democratic procedures of his own union and for the TUC's code of conduct on picketing, a man who is seeking t impose his will on the country by sheer physical force.

The insurrectionist, anti-parliamentary wing of the labour movement is savouring every moment of the miners' strike; it is a heaven-sent opportunity for putting their vision of the class war into practice. Is this what the TUC wants to be identified with?

If the trade unions had a leader of the stature of an Ernest Bevin who could command support across a broad political spectrum, something more than TUC's present impotence might well have been forthcoming. As it is, trade union leaders remain to all intents and purposes spectators, forced to give a show of support to a strike which most of them do not believe in.

Customers

It is impossible to predict how and under what terms the strike will be brought to an end. But even in the worst case of an apparent victory for Mr Scargill it is clear that the coal industry and the NUM will in a real sense have lost as a result of the strike. As with the stel strike of 1980, the capacity of the industry will be smaller and its share of the energy market lower than it would have been in the absence of the strike.

Quite apart from the damage to coal faces caused directly by the strike, the NCB's customers will want to make themselves les dependent on the NCB, turning to other suppliers of coal and other sources of energy. It is also doubtful whether any government would feel justified in investing large sums of taxpayers' money in an industry effectively controlled by Mr Scargill. In the end the NUM's attempt to defy the market, the law and the Government will inflict profound harm on its own members.

The BNOC mask is slipping

WHILE the British Government attempts, through the National Coal Board, to impose a degree of market reality on the coal industry, it requires another pseudo-company, the *British National Oil Corporation*, to do exactly the opposite for North Sea Oil. Over the last year BNOC, which by statute buys and then resells over half the oil extracted in the British sectors of the North Sea, has found itself *increasingly* instructed to defy the market price for oil so that the UK can play an unspoken part in supporting the Opec price regime.

Statoil, the Norwegian state oil company, has just triggered one of the periodic crises inherent in such an approach. By deciding to move the official price for Norwegian oil down to around $28.50, close to the prevailing spot market price for North Sea crude, it has left BNOC's official price of $30 very visibly high and dry. The Statoil move makes it far more difficult for BNOC to persuade the North Sea oil companies to buy back, at $30 a barrel, the oil they have perforce sold to BNOC at the same price.

Credibility

The last time BNOC found itself ordered to resist the fall of prices in the oil market, at the end of July, the British Government resorted to "jawboning" to shore up BNOC's position. It applied moral suasion to the oil companies to continue buying $30 oil from BNOC. The tactic played *its part in preserving* OPEC's grip over the oil price.

In attempting to hold the North Sea oil price at $30, BNOC is contravening the agreements between it and the oil companies which require it to buy at "arket price." It is also turning a blind eye to the profit targets agreed with the Government in May 1983. As a result the corporation's image as a commercial enterprise looks *steadily more phoney.*

One of the reasons for insisting that the North Sea operators pass half their output "through" BNOC is to preserve the British Government's access to North Sea oil in all circumstances. This security of supply is maintained cheaply and painlessly only if BNOC preserves its identity as an enterprise that conforms to market conditions. The North Sea operators then have little disincentive to trade through BNOC. Other oil purchasers are more willing to commit themselves to BNOC. And the Government does not have to pay for BNOC losses. Indeed, unless BNOC is allowed to operate in thris way, it becomes rather a pointless institution. The Government might as well emerge from behind its mask as an Opec-style price administrator.

Free market

Even though the UK is a net oil exporter the Government should not support the Opec price in a manner that flies in the face of its own free-market philosophy. Despite an inter*national oil market that is* reluctant to absorb the present, constrained, Opec production quota, the rise of the U.S. dollar has pushed the ECU price of crude oil up by 8.5 per cent since August. Why should *industries* and consumers pay for this strange state of affairs? Why should the British Government complain about the U.S. budget deficit and level of interest rates and then reinforce the effect of the resulting strong U.S. dollar on Europe's economic life?

The answer is that it wishes to prevent a sudden collapse of oil prices. It wants to preserve its oil tax revenues. It *wants to avoid the pressures* on sterling, the general economic dislocation, and the shocks to the world credit system that would result. In which case it should use British oil output to steady, but not fight against, the trend in world oil prices. It should allow BNOC to set its prices on a "crawling peg" basis by taking account of a moving average of spot prices. Such an approach would restore BNOC's credibility as an oil trader. It would dampen the ups and downs of the world oil price, but would prevent the Government from adopting arbitrary price postures which then prove impossible to defend.

The key protagonists in the miners' strike, Ian MacGregor (left) and Arthur Scargill; and police restraining pickets at Port Talbot steelwork, South Wales

UK miners' strike

Now it's a bitter fight to the finish

By John Lloyd

IT'S OFFICIAL. The mining *dispute cannot be settled.* It can only be *won.*

The breakdown of talks at the Advisory Conciliation and Arbitration Service appears complete. And the decision yesterday by the pit deputies' union, Nacods, to call for a strike from next week deepens the crisis, and may hasten a climax.

The abortive attempt by the Acas team to throw a verbal bridge over the stormy Gulf of Principle which divides the National Coal Board from the National Union of Mineworkers had the merit of demonstrating that the best conciliatory skills available in the country as as stumped by the dispute as everyone else. Mr Pat Lowry, his oriental calm rubbed thin, conceded on Monday evening that agreement was impossible. Mr Denis Boyd, the Acas chief conciliator and bluff bass to Lowry's sinuous tenor, screwed up his mouth and looked at the floor. The Lowry-Boyd double act, as effective a team as the 10-year-old Acas has produced, had drawn the stumps. What follows will not be cricket.

That procedure would itself be amended to include an independent appeals body, which would judge whether or not a pit should be closed (according to criteria which were never defined, but would certainly have included a "social" element) and to whose judgments both sides would give "full weight."

The phrase on which the talks foundered

This was an innovation, but it *was not central.* The talks foundered on the phrase "the principles of": the board *had* to have it in (and therefore agreed, with reservations, to the draft), the union *had* to have it out. It was not a bridge across, but the measurement of, the Gulf. It expressed the incompatability of producing for the market on the one hand, and planned production on the other. Had it stayed in, as Mr Ian MacGregor, the weary board chairman, said on Monday night, it would have been interpreted by the NCB as permitting closures on economic grounds. It is what the board wants, has always wanted, what *the NUM opposes, has and will* always oppose. *It cannot be fudged.*

With the Acas backstop out of the way, full hostilities are now likely to begin. But before a review of the strengths of the various actors in the deepening crisis is attempted, one major, complicating factor must be assessed. That is the courts.

A week today, the NUM must pay a fine of £200,000 for contempt (in persisting in treating the strike as official after the High Court had ruled it was not) or face the sequestration of its funds. Three weeks from today, Mr Scargill himself must pay a £1,000 fine, or bring upon himself the attentions of the Queen's Remembrancer, empowered to attach sufficient of his assets to discharge the fine. The picket lines are likely to be seen again round the NUM's Sheffield office block and Mr Scargill's Barnsley bungalow.

Continued contempt by the NUM and Mr Scargill — the most likely outcome — could deprive the union of the use of all of its funds and Mr Scargill, ultimately, of his liberty. The lawyers who are handling the *case on behalf of the two Yorkshire miners* are preparing evidence of further contempt: without negotiations to inhibit them, they are likely to press hard, while the court itself will anyway exact obedience to its orders. *Thus a not-so-slow fuse* is ticking away under events, and it is still impossible to judge in whose face it will blow up first.

Mr Scargill is in no doubt that the legal processes will benefit the union's cause. He believes in the power of positive martyrdom: if he can convincingly show that the union is impoverished, its leader in prison or in danger of being *so, under attack by all the* forces of class oppression—then, he believes, the explosion from his class, the working class, will be awesome. There are many in the labour movement who take a more cynical view of the reaction of workers to either or both of these possibilities: but it now seems an even chance that both views will be put to the test.

Mr Scargill's morale, as may be imagined, is very high. His make-up is of the kind which is able to screen out the pressures, problems and considerations which would beset others: he was able, for example, to focus wholly on the Acas negotia*tions to the exclusion of all* else. His political creed makes the *a priori* assumption of attack by the Board, the state, the judiciary, capitalist interests including the Press and broadcasting media: as it intensifies, so he is made more secure in the correctness of his position. He believes the class war is always present in capitalist society, if often masked: now he sees the fudge melting, and is energised by the process.

His fellow national officials—Mr Peter Heathfield, the general secretary and Mr Mick McGahey, the vice president—are often wistfully regarded by the Board as the men of moderation (this of one man who was instrumental in getting Mr Tony Benn his Chesterfield seat and another who is a Communist *from top to toe!*). They have had qualms about the tactics of mass, violent picketing: and Mr McGahey had to push Mr Scargill into accepting TUC support on other than his own uncompromising terms. But now that TUC *has* been wheeled in behind the miners, the three are, effectively, as one; and as long as that is so, the executive is unlikely to split.

Below the executive, the officers and the troops march to different tunes — but no different to those which have played for some months now. The working miners in Nottinghamshire and elsewhere are, *for the most part, lost to* Mr Scargill and will actively seek to frustrate him through the law — but that, as we have seen, is a two-headed beast. The strike-bound coalfields have largely stayed so for over seven months, and *it is* hard to imagine how the Board can do more to entice the miners back to work — though many must wish to return and are simply fearful of the consequences. MPs in mining areas, not all sympathetic to the strike, report the same phenomenon again and again: a huge wish to return to "normal life", but the continuing stubborn refusal by the most active and influential elements to take a deal which does not give them victory as defined by their leaders.

Nacods now seems set to take *the plunge into its first-ever* national strike: that will effectively stop all coal production in the Midlands areas (assuming the deputies there respond to the call) and will face the Board and the Government with *harder choices more quickly.* The Board says it will try to carry on production without the deputies — but this may prove impossible. It is a massive injection of aid for Mr Scargill.

Mr MacGregor and his chief lieutenants are not, obviously, as buoyed up as the miners' president: indeed, on Monday night, Mr MacGregor gave interviews in a husky, exhausted low monotone. At an age when he could be enjoying the rewards of a talented and lucrative career, he has taken a terrific public pounding at the hands of a man he has grown to loathe. He cannot *enjoy the luxury of screening* out the pressres: there is an often-impatient Government on his back and a rebellious industry beneath his feet, and he is losing coalfaces and markets.

The rumblings of discontent within the Coal Board's senior official layers are real enough—in one sense Mr MacGregor was not a popular choice for chairman among management, and his flatfooted public style has given potential critics a field day. His deep surgery on the Board, getting rid of the once-dominant mining engineers and replacing them with a majority of businessmen, often personal friends, alienated the ultra-responsible management union, BACM, and many senior managers. Most senior people in the Board now probably believe one of their own number could have done a better job.

Much of this is the price of a continuing unsolved strike coupled *with Mr MacGregor's* radicalism (radicalism has to *work* to be accepted). Few board managers would dissent from the chairman's stated aims—to make the industry more efficient and to bring production in line with *demand.* Further still, all have been loyal (at least publicly) and many have worked hard to—for example—encourage the "drift back" to work in which few believed. A fair profile of senior NCB management might be that it is unhappy and demoralised but is fundamentally loyal to the industry and, anyway, for the most part, has nowhere else to go.

The TUC cannot be much happier. Its leading figures—such as Mr David Basnett, general secretary of the General, Municipal and Boilermakers' Union, and Mr Norman Willis, the new TUC general *secretary* — had pushed the NUM towards Acas and Acas towards the NUM as soon as the previous session of talks failed three weeks before. They all—especially Mr Basnett—stressed time and again that a settlement was what they wanted. Now (short of the United Nations) they have nowhere to go to get one.

What support, then, can they give the miners to ensure that the fight to the finish leaves the NUM in possession of the bloody field?

Action among the power workers is the key. If they can turn the screw on power supplies this winter—the TUC reasons—then a settlement on the union's terms *must* be conceded. To that end, the main unions—with the abstention of the electricians and the power engineers—have sent round guidelines enjoining their members to embargo deliveries of coal and most oil: if the call is even half heeded, they believe, there could be power cuts by Christmas.

It will not be heeded in the Trent Valley stations, which are now blazing away merrily on Nottinghamshire coal. It *may* be heeded in Yorkshire, the North and Thameside (shop stewards in many stations in these areas believe it will) power stations will need to start taking coal which has not been sent to them for months while the generating board sought to minimise possible conflict by not straining the power workers' loyalty in mining, or militant, areas.

If the power workers do not assist the miners voluntarily, they may be "encouraged" to do so by mass pickets—though the guidelines specify that NUM pickets must not exceed the TUC-approved number, that is, six. The steel workers, who have studiously avoided responding to the miners' call of four weeks ago for a total cessation of steel production, are also likely to be blockaded once more—always assuming that the NUM's areas can breath fresh life into tired and disillusioned pickets. The transport unions, whose leaders are the NUM's closest allies, will again try to coax more solidarity action out of their train drivers, lorry drivers, signalmen and seamen—with inevitably varied success.

The Government now will have little choice but to get into the ring (or the class war) and slog it out. It will now examine the potential for increasing

Action among the power workers is the key

imports of coal; for unlocking the 20m tonnes of coal in the strikebound pits and opencast sites; for stepping up the use of oil and nuclear power. After the near-holocaust of Brighton, it may find itself morally strengthened in a conflict where it will wish to represent itself as being on the side of freedom and democracy.

"People," said Mr Scargill on Monday night, "used to think I was mad when I spoke in April of this strike lasting to Christmas." People may still think him mad, but if so they delude themselves. He has followed a logic of conflict unerringly and unshakeably: he has fought a class war and has shamed the middle-of-the-roaders and the big talkers in the TUC into helping him practice what they so lightly preached, to the point where only those who have explicitly thrown out Marxist ideals—like the electricians—can counterpose him. He is the left-wing meeting hall's word made flesh long after anyone thought that possible—and he and his union will now try to work their way through the body politic.

Men and Matters

Clore's tax returns home

The life-story of Sir Charles Clore, as outlined by a High Court judge yesterday, has all the ingredients for one of the "mini-series" currently in vogue on television.

The sixth son of Lithuanian Jews who fled from persecution in Tsarist Russia in the last century; born in London's East End, where his father, Israel, had set up in business as a tailor; commercial empire-builder and multi-millionaire. Literally from rag-trade to riches.

Although "consumed with business and other interests," Clore was never a recluse, said Mr Justice Nourse. Both social and sociable, he was equally content as host or guest, enjoying the company of both men *and women.*

A member of the Carlton Club and a founder-member of Annabel's; Clore engaged in the pursuits of a wealthy country gentleman, his racing colours well-known on the turf in England, Ireland and France.

But then the English tax system drove him into exile, seeking some haven from the importunate demands of the taxman on his millions. He bought a flat in Monte Carlo, and also considered settling in other foreign parts.

But he was not happy "abroad." He always felt that England was home, and by the time he died was apparently almost ready to return and pay the tax consequences.

Monaco bored him, his close friends said, and the judge gained from their evidence an impression of "loneliness or boredom . . . unhappiness and doubts."

It was clear, the judge concluded, that if he had to live abroad, Clore's first choice would have been *Paris* with "its varied social life . . . and its accessibility to the best French race-courses."

But he died before he could finally make up his mind. And, as a result, it looks as though the taxman will win after all.

Lloyd's letter

Lloyd's of London has recovered another relic of the Royal Navy frigate Lutine which sank off Holland in 1799.

The ship's bell, the famous Lutine Bell, was rescued, of course, and has been rung at Lloyd's ever since to notify members of important events such as the loss of a ship.

Now Scotia Philately, acting for Lloyd's solicitiors Clyde & Co., has aquired the only letter among the mail being carried by the frigate that is known to have survived.

The letter was sent from *London to Samuel Turner* in Hamburg, and was found floating in a portmanteau near the wreckage. It is stamped: "Sav'd from the wreck of the Lutine Frigate."

Turner was an agent for the Hennessy brandy family and for the past 180 years the letter has been kept in the company archives at Cognac.
insurance market shortly and will be displayed in the new Lloyd's headquarters building.

Board games

The battle between the Big *Board and its scrappy*, fast-growing rival, the National Association of Securities Dealers' over-the-counter market, is hotting up.

Last week the New York Stock Exchange took out full-page adverts in major U.S. financial publications to proclaim its latest coup — luring American International Group, the New York-based insurance conglomerate which had been NASD's biggest company, on to the Big Board.

AIG is, indeed, a big prize for John Phelan, the NYSE's chairman, who *is leading the* Exchange's drive to pick up new business. With assets of more than $11bn, AIG is the nation's seventh largest shareholder-owned insurance group and has been listed on NASD since the *mid-1960s.*

The group said it made the switch to "increase its visibility" and in the hope that an NYSE listing would attract an expanded investor base from the U.S. and overseas.

Behind the scenes, however, a fierce lobbying battle had been taking place between the two exchanges for AIG's listing. "Hot and heavy" was how one insider described it.

Small companies have tended to list initially on the over-the-counter market before moving to the Big Board—a switch which, aside from a symbolic ascent to the highest rungs of the U.S. *corporate* ladder, ensures daily share quoes in most leading newspapers.

But not all companies have taken this traditional route. Although NASD has lost AIG, it still boasts listings for MCI Communications, Apple Computer, and Intel Corp among the 600 which, it claims, could list on the Big Board but have chosen not to do so.

And NASD is still growing much faster than its rival. It added 516 new companies to its listing in the first nine months of this year compared to only 68 on the NYSE.

But it is status and size that counts, not numbers. Phelan, commenting on AIG's listing, says: "With its decision . . . AIG takes its place among the leaders of American industry who recognise that the NYSE is the World's premier securities market-place, providing prestigue, visibility, liquidity and investor confidence."

Low season

Travellers watching their waist*lines, but not yet fully* converted to the virtues of wheatgerm and carrot juice, are being wooed by the Canadian-owned Four Seasons hotel chain.

Claiming to operate the most *expensive hotels in London* and Paris—the Inn on the Park, and the Pierre—the group is apparently trying to establish another new record in offering diners a little for a lot.

All Four Seasons restaurants will shortly have a gourmet "alternative menu," low in calories, sodium, and salt.

The FT man in Toronto sat down to a preview lunch the other day, and munched through a 605 calories meal, in contrast to the Four Seasons more usual four-course 2,000 calories job.

Guests were served scallops and salmon with thyme, mixed salad, veal medallions with mushrooms, and a champagne fruit terrine.

Isadore Sharp, chairman of Four Seasons, has instructed chefs not to compromise on taste or appearance with his light bite. But he does concede that the new menus will be a disappointment to those who love sweets and puddings.

With the experiment running in all his 19 hotels, and to be offered in a new hotel to be opened in Boston, who knows, it *might* catch on.

Home help

When the Duke of Norfolk was introduced at the opening of the Aquascutum store on New York's Fifth Avenue his long list of hereditary titles was read out concluding with that of, Lord High Butler of England.

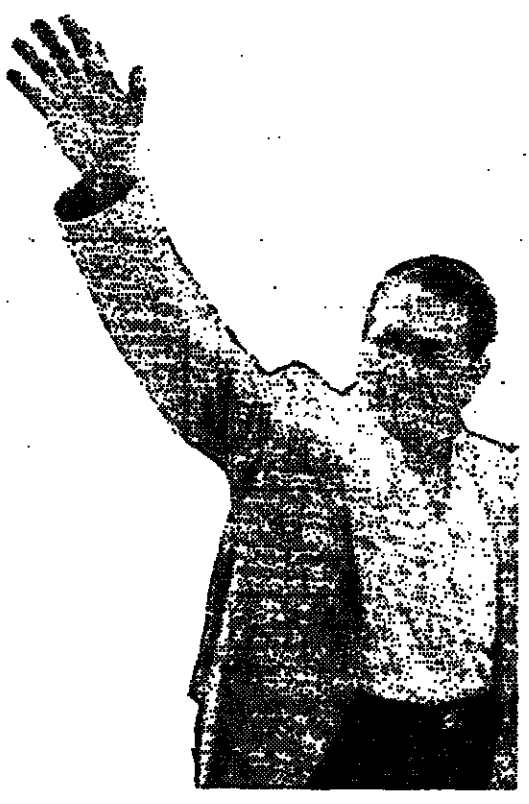
The Duchess was heard to whisper, "And he only just knows how to load the dishwasher".

Observer

El Salvador's civil war

The talks that raise hopes of peace

David Gardner reports from San Salvador



President Duarte in La Palma

TEN DAYS AGO, almost no one would have put money on peace breaking out in El Salvador, the tiny, densely peopled country where few have escaped unscathed from five years of savage civil war that has claimed over 50,000 lives.

Yet on Monday, peace talks opened publicly between the U.S.-backed government of Sr Jose Napoleon Duarte and the country's powerful left-wing insurgents, in what could be the most significant development in the Central American conflict since the left-wing Sandinistas overthrew the Nicaraguan dictatorship in July 1979.

The small town of La Palma, tucked up against the northern frontier with Honduras and in the heart of largely rebel-controlled Chalatenango province, became the venue for a peace carnival built around the first attempt by Government and insurgents to structure their demands and differences in a way which might lead to a settlement.

Political and military leaders from both sides met in La Palma's garish parish church. Outside, thousands waving white flags stood for over seven hours in searing heat punctuated by torrential tropical downpours, clamouring for an end to war. While such an outcome is not yet in sight, the crowds did not go away empty handed. A joint commission is to be set up, with four government and four rebel members under church mediation, to present and study detailed peace proposals. Though no ceasefire has been agreed, both sides have publicly undertaken to "humanise the conflict," which has been extremely savage — particularly on the part of government forces and the extreme right-wing death squads.

Most importantly, both sides have arranged to meet again in the second half of November, which raises hopes that this may be the turning point in the conflict.

Sr Duarte, the country's Christian Democrat President, who was elected in May in polls the rebels would not, and realistically could not, take part in, appears to have caught almost every actor in the Salvadorean conflict off balance by his peace initiative.

Sr Duarte startled the UN General Assembly 10 days ago by announcing that he was offering to meet the rebels in one of their strongholds.

The available evidence suggests that Sr Duarte, an unpredictable and self-willed character with the instincts of a showman, did not clear the initiative with his U.S. backers.

The U.S., whose military and economic support for successive Salvadorean governments over the last five years has grown in proportion to those governments' inability to defeat the guerrillas, at first seemed unenthusiastic about the move. Mr George Shultz, the Secretary of State, subsequently gave it the U.S.'s public backing.

Both the U.S. and the Salvadorean army have abandoned hope of a short-term military victory over an increasingly sophisticated and able enemy, but are determined that any negotiations with the guerrillas should be carried out from a position of clear military advantage, preferably with the insurgents politically and diplomatically isolated.

At the La Palma meeting on Monday, the front political ranks of both sides, and opposing commanders wearing battle fatigues, met on apparently equal terms while the whole nation (and a good slice of the world) watched on television, despite a bomb attack in San Salvador which disrupted broadcasting for most of the morning.

Dr Guillermo Ungo, the rebels' rather lacklustre Social Democrat leader, drew nearly as much applause and excitement from the crowd as the mercurial Sr Duarte. The meeting has almost certainly conferred a greater degree of legitimacy on the rebels, both domestically and internationally.

Yet Sr Duarte has managed to retain the initiative he so dramatically seized. It was the Salvadorean President's seven-page peace offer that dominated the meeting and his proposals which largely made up the joint communiqué that was agreed.

The reaction of El Salvador's murderous extreme right, whose implacable hostility to even mild reforms helped unleash this civil war, has for its part been remarkably restrained. The most active of the death squads, the Secret Anti-Communist Army has, it is true denounced Sr Duarte for treason and given a warning that he is now a legitimate military target.

Since the spring election campaign, the far right has been denouncing the Christian Democrat leader as alternatively a U.S. or Communist puppet, who has been selling out national sovereignty. However, Sr Duarte has taken some of the wind out of their sails by playing up the "nationalist" nature of his peace move: He has discomfited the Americans by taking the initiative himself and he has refused all outside mediators, including President Belisario Betancur of Colombia, and Herr Willy Brandt, the President of the Socialist International.

President Betancur has been the most successful intermediary between the Government and rebels apart from the Salvadorean church—and has the experience of negotiating an end to Colombia's 35-year-old insurgency with last August's armistice. But Sr Duarte has made great claims of the need for Salvadoreans to work out their own solutions—a view shared with the guerrillas.

It is still to be seen how much ground both Sr Duarte and the rebels are prepared to give—and how the U.S. would view any rapprochement.

Though U.S. policy in the region has been more pragmatic than the Reagan administration's stridency would suggest, it remains Washington's policy to crush the rebel's FMLN army in El Salvador and discipline the Sandinista regime. The U.S. has started a programme to double the Salvadorean armed forces' air power by the end of the year and last year it more than doubled military aid, from $81.3m in fiscal 1983 to $196.6m in the fiscal year just ended.

El Salvador is getting close to total economic dependence on the U.S., while Washington's political clout is a key factor in the internal balance of power.

Washington supplies $1m a day in direct aid, and almost half as much again through financial institutions and mechanisms like commodity credit and housing developments. The U.S. policy of allowing a more rapid flow of Salvadorean immigration is worth an estimated $600m a year in remittances. The American markets met $273.5m out of total Salvadorean exports of $294m last year. But three-quarters of these are coffee and sugar sales, almost all within the U.S. preferential quota system, with a high mark-up over market prices. These sales, controlled by the Government, provide the majority of budget revenue outside the direct aid.

Politically, U.S. insistence on prosecuting the war but simultaneously trying to undermine the rebels through the introduction of reforms especially in land holdings, has shifted the centre of gravity towards the middle ground.

The leverage of military aid has also pushed the far right, spearheaded politically by Major Roberto D'Aubuisson's Arena party, towards the role of loyal opposition rather than that of shock troops in the street.

Both these factors impose limits on Sr Duarte's autonomy, however unpredictable his actions some times appear. While the centre to centre-right ground occupied by Sr Duarte has a large constituency in El Salvador, holding this ground in the middle of a civil war is another matter, and probably could not be achieved without U.S. support.

Much will also depend on what the rebels are prepared to accept as the minimum conditions

Rebel leaders have ceased to insist in recent months on their February platform of a broad-based popular government which would involve power sharing and their fusion with a regular army, purged of the extreme right. The focus now appears to be on the security guarantees they would require before agreeing to take part in elections. It is worth remembering that the rebels' political leadership, and a large part of its trade union and activist base, was slaughtered before the civil war, as such, got under way.

A senior insurgent leader, referring to control over the army said last week: "In El Salvador these guarantees are not a separate subject from the problem of power."

Perhaps the major forward movement over the last week is the upsurge of popular agitation for peace. In La Palma, the banners and bunting, the slogans and marches were to a large extent stage-managed by the Christian Democrats. But they need not have been.

Talking to a cross-section of people in La Palma and other areas affected by the war like Usulutan—overrun by rebels last autumn, but where control over towns tends to alternate—the deep-felt desire for an end to the bloodletting is overwhelming.

Manuel Doñan is a government employee, given the day off and free transport to La Palma. His views are no less emphatic for that: "Yes, we hope this dialogue will lead to peace . . . with dignity for both sides."

U.S.—Japanese relations

A modest proposal for marriage

By David Hale

BEFORE the White House commits its 1984 platform to restoration of the gold standard, it should investigate a simpler supply side solution to the nation's monetary and fiscal problems—merger between the U.S. and Japan.

History suggests that restoration of the gold standard would be a Trojan Horse for future austerity. But an American-Nippon union would vastly increase the supply of savings in the U.S. financial markets, resolving at a stroke all of America's difficulties with budget deficits, high interest rates, a volatile dollar, and LDC (less developed country) debt.

Marriage has long been an *acceptable solution to the micro-economic problems of* individuals. There is no reason why countries should not unite in order to resolve their macro-economic difficulties.

But the fact is Japan and the U.S. have a great deal to offer each other. Not only do they have such a symbiotic economic relationship as to make the expense of running separate national households unnecessary. They actually share the most important ingredient for marital bliss in the modern world—complementary neuroses.

Like all insecure nations, modern Japan has a great propensity to work and save. Like all imperial powers in transition to humbler status, the U.S. has a great compulsion to borrow and spend in order to maintain a lifestyle which it can no longer really afford.

The Reagan Administration has been able to launch an economic boom with a "guns and butter" fiscal policy not because the American people are working any harder or saving any more, but because they have a large trade deficit with East Asia which the Japanese financial system recycles to the U.S.

While many Americans resent Japan's commercial success, seldom have two large wealthy nations found such compatible roles.

It was once fashionable to argue that capitalist countries had to pursue expansionary foreign policies in order to find new markets. But Japan and the U.S. have turned traditional theories about imperialism upside down.

The U.S. has solved the old problem of under-consumption by creating a welfare state and military industrial complex. It no longer needs a reserve army of consumers, but a reserve army of savers.

In Japan, by contrast, the financial system discourages consumption and the constitution prohibits rearmament. Japan has thus evolved into a natural saver of last resort for the U.S.

Why solemnise this relationship in a formal union when the current dalliance is so satisfactory? Simply because the cost of operating nominally independent national households is becoming too expensive for the U.S. as well as disruptive for its allies. There is a serious risk that someone may get hurt.

First, the U.S. economic boom is maturing. As inflationary wrinkles appear in 1985, even

Seldom have two big nations found such compatible roles

the Japanese will begin to wonder if they should recycle their dollars as freely as they have so far.

The relationship might already be showing signs of strain but for the fact that the U.S. has cosmetically enhanced the dollar's appeal by redesigning its tax and financial systems to support higher levels of interest rates than in the past. But fiscal tinkering, like a corset, cannot disguise excess consumption forever.

Secondly, the U.S. has a family in Latin America to support. The Latin debter nations are the stepchildren of Reaganomics, the major indirect casualty of the high interest rates which the U.S. has to pay in order to recycle Japan's savings. If the U.S. would eliminate the fiction of having a financial system autonomous from Japan's, dollar interest rates could collapse and alleviate Latin American's debt servicing problem.

Third, union with Japan will permit the U.S. to continue looking after the defence needs of its older relatives in Europe. History shows that there is a high correlation between U.S. willingness to defend the free world and the Treasury's ability to export some of the cost through an overvalued dollar. The currency crises of the 1970s undermined Pax Americana and encouraged the U.S. drift towards neo-isolationism. Now Western security is being restored through a Pax Jap-americana, in which new weapon systems are built by the U.S., financed by Japan, and warehoused by Europe.

Merger with Japan would eliminate any potential exchange rate threats to the Pentagon by effectively converting a large share of America's burgeoning external debt into equity.

The final argument for an American-Japanese federation is that the U.S. Treasury may accidentally destroy the unique trans-Pacific financial equilibrium now sustaining U.S. recovery and rearmament. Mr Donald Regan is putting pressure on Japan to liberalise its financial system and expand consumer lending. This could ultimately retard capital outflow.

Mr Regan fails to understand that the success of Reaganomics depends heavily upon the conservatism of Japanese financial institutions. The U.S. can live beyond its means only if someone else is prepared to hoard dollars and deny credit to its own citizens.

Ironically, if Mr Regan does successfully export U.S. economic thinking to other countries, be it financial deregulation to Japan or big budget deficits to Europe, he would soon get a chance to implement the radical economic ideas in the 1984 Republican platform, including both the gold standard and the constitutional amendment for a balanced budget. But neither would be first steps to the prosperity promised by the platform writers. They would instead be components of an IMF austerity programme designed to rescue the dollar from large-scale capital repatriation.

The author is chief economist for Kemper Financial Services, Chicago.

Letters to the Editor

Exchange rate stability

From Mr G. Dennis.

Sir,—The concerns expressed by Mr Robeson (October 12) on sterling's entry into the European monetary system are understandable. His main wory however, over the inclusion of sterling as a leading investment currency alongside the D-mark in the EMS is based on what may be an incorect premise, namely, that dollar weakness will also lead to sterling bein geold in favour of the D-mark.

A major objective of those who established the EMS was to seek a united response to dollar weakness in 1977-78. By creating a system of fixed parities, the objective was to spread flows of money destined for the D-mark into other European currencies, so relieving upward pressure on the D-mark. Inevitably, the achievement of a more even distribution of money inflows requires more than a simple announcement of a system of fixed, but adjustable, exchange rates. In consequence, the strains in the EMS at times of dollar weakness have been intense and frequently foloiwed by realignments. Conversely, as Mr Robeson notes, it is well known that the stability of the EMS since March 983 has been based on the strength of the dollar.

The entry of sterling would only threaten the cohesion of the EMS if sterling were sold for D-mark at times of dollar weakness. In the event of sterling, as a significant investment currency, attracting some of the funds flowing out of the dollar, the strains within the EMS would actually be eased. I would argue this latter case is more likely, given the much improved inflation performance in the UK recently. If the belief grows that the inflation rate in the UK is likely to remain low for a significant period, such that the difference between inflation in Germany and the UK is small, sterling will attract significant inflows. In this sense, sterling will enhance the tendency for the EMS to operate as a D-mark area and so increase the cohesion of the system.

Mr. Robeson's doubts over other arguments in favour of EMS membership may also be misplaced. For those who are fundamentally against EMS membership, the optimum moment to joint, given our inflation performance, the petro-currency status of sterling, the reduced stability of exchange rate fluctuations in the EMS and the possiibity of a common dollar policy, may simply never arrive. Surely the crucial point is that in all these senses the current situation is much more conducive to a successful entry of sterlin into the EMS than any other time since the system was created. Given this, it behoves the critics of such points to substantiate their doubts and demonstrate that a position outside the EMS is more advantageous than a decision to join.

Certainly it would be desirable, as Mr Robeson argues, for a general return to international exchange rate stability to be sought. The crucial point is that such a development is very unlikely at present. Meanwhile, the creation of a cohesive EMS both aids into-EEC trade by establishing some stability of exchange rates and should be seen as a tentative first step towards the goal that Mr Robeson himself seeks.

To sum up in footballing terms, it may be better to build up an assault on the (agreed) goal slowly and carefully rather than hopefully and perhaps aimlessly booting the ball upfield where progress may be immediately halted. The EMS is a vital and worthwhile contribution to the attempt to restore some exchange rate stability which, on reasonable assumptions, is likely to be enhanced by sterling's full participation.

Geoffrey E. J. Dennis,
6, Broad Leaze,
Hook, Hants.

Paying for pensions

From Mr P. Scaife

Sir,—As Mr Harrington writes (October 11) from New York I can only suppose that he is an employee of an American company, which may account for his comments about employers' attitudes towards additional voluntary contributions.

I do not believe that any right thinking person in this country, when considering what amount to increase pensions for retired employees, actually takes into consideration the number of current members making AVC payments or the amounts payable by such members. As a member trustee of a large pension scheme I can say that such consideration has never entered into our thinking when considering the level of increases t obe granted to pensions each year.

AVCs are surely recognised for what they are, a beneficial tax advantageous method of making savings towards retirement over a relatively short (10/15-year) period, although not necessarily the best form of saving over a longer period.

Do pension scheme members in this country really view their employers with the same degree of scepticism as does Mr Harrington?

I would anticipate that the more likely reason for the comparatively small number of AVC contributors is the fact that contributions cannot be withdrawn until retirement if a member leaves the pension scheme with more than five years pensionable service.

P. A. Scaife.
32, The Holdings,
Hatfield, Herts.

Trades unionism and the law

From Mr J. Thackray

Sir,—Your legal correspondent's jibe (October 11) that for union activists "the law is only what, in the opinion of their leaders, is good for the trades unions" is a sad misrepresentation of the current clash between the unions and the judges.

Leaving aside the political dimension of much of the recent legislation, the trade unions have always, and under any government, found themselves in difficulties with the law. Not because they object to law as such but because the very basis of the English legal system acts to the disadvantage of collectives of workers.

The nature of unions requires they place the rights of the many above the rights of the few, since in collective action they would be damaged through the exercise by individuals of their "freedom" to work. Such "scabbing" is seen as self-centred anti-social individualism.

Likewise, the effectiveness of union action against an employer always, at bottom, depends on the ability to damage the employer interest. A fact that is known to negotiators on both sides.

Thus, when the law is invoked to secure the "freedom" to work for the few at the expense of the right to work for the many or, through the injunction, to negate the damage to the employer of industrial action, it should not be surprising if trade unions and judges clash.

Another long-running complaint of the unions concerning the judiciary is also well illustrated by your correspondent. While denying the right of individual union leaders to challenge the justice of the law, he is fullsome in his support for "the remaking of the law by judges in accordance with what they consider to be a greater justice." Are judges not individuals?

This power of the judges, unionists argue, tends to work agains the trade union interest: because the social background of judges is never that of workers and because they have little or no appreciation of the realities of industrial conflict.

In 1920 Lord Justice Scrutton made this famous comment to his fellows that "The habits you are trained in, the people with whom you mix, lead to your having a certain class of ideas of such a nature that, when you have to deal with other ideas, you do not give as sound and accurate judgments as you would wish." This is one of the great difficulties at present with labour. Labour says "where are your impartial judges? They all move in the same circle as the employers, and they are all educated and nursed in the same ideas as the employers. How can a labour man or a trade unionist get impartial justice ?"

Lest anyone feel that judges have now in 1984 a greater appreciation of the realities of industrial conflict, I would quote from your piece on Mr Justice Nicholls, currently sitting on the contempt of the NUM and its president—"As far as anyone can recall, he was never involved in a case to do with trade unions or industrial disputes."

John Thackray.
Business School,
Leeds Polytechnic,
5 Queen Square, Leeds.

Collaboration in selling

From the Director,
Marketing and Sales,
STC Components

Sir, — We welcome the coverage by Bridget Bloom (October 9) of the mobile subscriber equipment (MSE).

This well balanced article discussed Ptarmigan, the new generation communications system developed and produced by UK electronics companies. In particular, it drew attentiont o the positive approach being adopted by the UK electronics industry, to market this high technology product to the U.S., backed by the full resources of the British Government.

We would, however, like to set the record straight on one aspect. For this particular bid there is equal participation by STC, Plessey, Marconi and others, who are all subcontractors to the prime contractor, Rockwell Collins. This is the collaboration which, as Michael Clarke of Plessey is quoted as as saying, is "A real UK Ltd approach."

Ronnie Luckman.
Edinburgh Way,
Harlow, Essex.

FINANCIAL TIMES
Wednesday October 17 1984

PRICE CUT EMBARRASSES OPEC AND UK

Norway's oil pressure rises

BY DOMINIC LAWSON IN LONDON

NORWAY'S decision effectively to cut the price of its North Sea oil has pushed Britain and the Organisation of Petroleum Exporting Countries (Opec) into an embarrassed huddle, from which a new and lower level of world oil prices or production might emerge.

The amount of oil involved in Norway's case is relatively small. Statoil, the Norwegian state oil company, sells about 300,000 barrels of oil a day at fixed prices to term buyers. Buyers were paying $30 a barrel; effective from October 1 they will pay about $28.50.

Norwegian oil is identical to British North Sea oil – some North Sea fields are jointly owned – and so the British National Oil Corporation (BNOC) is now under enormous pressure to introduce a similar cut.

If BNOC does follow, and that seems likely, Opec comes into the picture.

Nigeria, an Opec member, sells crude that is directly competitive with North Sea crude. If it is not to lose business to the North Sea producers, it would have to cut its own price.

Then, the argument goes, the whole Opec pricing structure would collapse.

What could Opec do? Dr Mana Said al Otaiba, the chairman of Opec's market monitoring committee and oil minister of the United Arab Emirates, said that if non-Opec producers followed the Norwegian example there would be an extraordinary meeting of Opec ministers in the next two weeks at which a cut in Opec's production ceiling of 17.5m b/d would be put forward as a means of holding the market price.

If such a policy were adopted it would mean considerable financial sacrifices for Opec member countries, which debtor nations such as Venezuela and Nigeria might be unable to make.

It would, however, be wrong to ascribe the present crisis to quota breaking on the part of Opec members, with the exception of tiny Qatar. Opec production in the third quarter was estimated at only 16.8m b/d by the International Energy Agency, and Opec experts believe that, based on nominations, Opec production this month is likely to be at the official 17.5m b/d ceiling.

The difficulty has been caused largely by some Opec members selling their crude at below the official $29 marker price but in disguised form.

Libya has managed it by introducing new tax concessions. Iran has used a number of methods, the most recent being to give its big Japanese customers 60 days' free credit on purchases. Other Opec countries have sold their quota partly in the form of refined products, but, after recovering the costs of refining, appear to be selling crude below official prices.

The consequence of such discounting has been weakness in oil spot prices, which has eventually led to the Norwegian move. Statoil's difficulty – as BNOC's also – is that they were losing money by selling oil on the spot market, because customers were increasingly refusing to buy at the undiscounted official $30 price.

A second obstacle for all oil price setters is the strength of the dollar, the currency in which all oil is traded.

With the dollar touching record levels against other currencies, the price of oil has effectively been increased.

While that in the short term is good news for oil producers, it has had the effect of depressing demand.

The key to issues in the world oil market goes far deeper than the strength of the dollar. The heart of the matter is that the price differentials between light and heavy crudes is too wide. Light crudes are now, at official prices too expensive in relation to heavy crudes.

The reason is that oil refineries worldwide have gone through a steady process of upgrading, which has enabled them to generate increasing amounts of quality gasoline, from heavy crude oil. So refiners have therefore preferred to buy heavy crudes – which are cheaper – and take light crudes at a smaller premium than had previously been the case.

For the UK and Norway, whose crude mix is overwhelmingly (about 90 per cent) light, the situation is particularly acute.

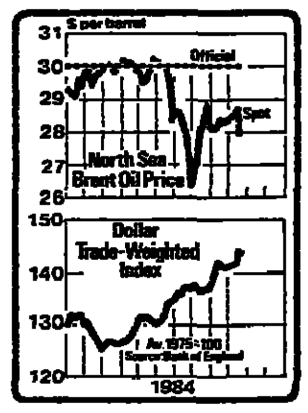
Here the gap between official and spot prices is wider even than those experienced by Opec producers. It is for similar reasons that Abu Dhabi recently threatened to cut unilaterally the premium charged on its top-quality crude, which would effectively mark a break in the existing Opec structure.

BNOC is now trying to work out by how much it should cut North Sea oil prices. Had BNOC followed its role of establishing a true market price, it would have cut official North Sea oil prices some months ago.

Now it seems likely to be forced to cut prices on terms dictated by the smaller producer of North Sea oil. Norway has announced that in future it will set prices monthly at a level based closely on the previous month's spot price average.

If BNOC is thereby forced to adopt a similar market-sensitive strategy, it will mean that the recent collaboration between North Sea and Opec producers has no future.

See Lex, this page



THE LEX COLUMN

The market gets a fuel bill

Most of yesterday's shakeout had been stored up for the market overnight. The Norwegian cut in North Sea oil prices was already discounted in the pound and gilt edged – and particularly in oil shares – before the London markets could do any serious trading. Market makers of every sort, from spot oil to equities, had seen the sellers coming in time to put up a barrage of defensive mark-downs. For the rest of the day even pessimists spent most of their time trying to buy things that had been made to appear cheap.

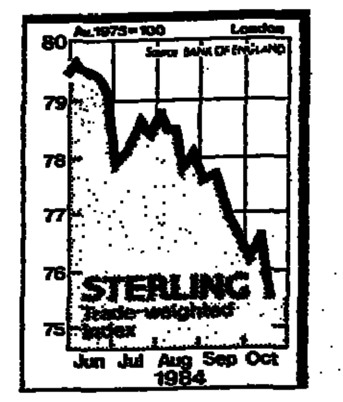
If oil were the only worry it might mean no more than a difficult few days for sterling, which must now be looking too sickly for the authorities to feel really comfortable.

Despite a reassuring PSBR statistic yesterday, the chance of base rates even being cut in time to ease British Telecom's market entry seems rather remote. For that to happen sterling would have to withstand the likely intensification of the coal dispute in the face of a renewed general advance of the dollar.

Normally the sight of U.S. banks cutting their primes – particularly if accompanied by the first fall in U.S. industrial output for two years – would be expected to anticipate a weaker dollar. Yesterday, however, the foreign exchange market behaved as if it had seen the last of central bank intervention. It also did nothing to suggest that it was discounting a slacker U.S. economy, still less a slacker demand for dollars.

It may be that U.S. banks cannot afford to cut their primes any further without a drop in the Fed funds rate. In that case the currency markets might simply doubt whether the Federal Reserve is going to loosen up.

If the third quarter GNP figures are revised sharply downwards this week, however, that scepticism might turn out to have been misplaced.



Rank/Land

The Rank Organisation share price has roughly doubled since the institutions began rearranging the boardroom chairs early last year, so there can be few complaints about the new management. So far, however, their visible achievements have been largely of the good housekeeping variety. With yesterday's disposal of Rank City Wall to British Land, they at last started to implement the promised grand strategy.

RCW always looked one of the more obvious candidates for disposal, so Rank is perhaps doing the easy work first. The Canadian and Belgian properties, with a combined book value of £70m, will presumably follow RCW out of the door before long. Judged purely as a property deal, Land has probably secured the better end of the bargain. Its own share price rose 5p to 136p yesterday, while Rank's slipped 4p to 248p.

Land manages to enhance both its earnings and assets per share in exchange for shouldering a deferred tax liability of £14.5m. It will be highly geared on the capital front, but the cash flow from the investment is attractive and the group's overall portfolio looks better balanced.

Rank, meanwhile, has sacrificed perhaps 1½ per cent of the notionally achievable value for a quick package sale, but with a small benefit – of perhaps £1m – to the revenue account and a substantial drop in net debt. Above all, it now has the scope to show shareholders what it means by investment in high-yielding assets.

Paterson Zochonis

Not for the first time Paterson Zochonis has confounded the Jeremiahs of the Nigerian economy. Pre-tax profits of almost £31m were well above market expectations, due to greatly increased profits from Nigeria. The company has prospered because unlike Lonrho and Inchcape, it is no longer a trader pure and simple but a local manufacturer. Moreover, its main products, soap and detergents, are deemed essential and so avoid the import restrictions which have hit local vehicle assemblers for example. Component supplies to Paterson's refrigerator factory have suffered – but so far the company has managed to live off high stocks.

But profits are one thing, payments another. The wily Paterson makes confident noises about 1984 payments coming through promptly, comments which will no doubt go down well in Lagos. But of the £100m standing to its account in Nigeria, £80m dates from before the January coup and must wait for an eventual rescheduling agreement. The capital sum is covered by the ECGD, the interest is not. However, for investors prepared to wait for the day when oil makes Nigeria rich again, Paterson shares, up 2p to 140p, are inexpensive. On unchanged pre-tax profits and a similar tax charge, the prospective p/e is just 4½.

Carless/Premier

Discretion is obviously considered the wholly dispensable part of valour at Carless Capel. Whether its August bid for Premier was brave or foolhardy is not easy to decide. Either way, yesterday's purchase by Carless of 21m Premier shares in the market looks an expensive indiscretion.

It should hardly be surprising that Rowe & Pitman, fresh from last week's assault on Brooke Bond, found plenty of ready Premier sellers in the space of a short coffee-break: selling in the market has always been the most obvious course for those not attracted by the Carless paper offer. This was still valued at 70p last night as it was last August.

On the other hand, the purchase leaves Carless exposed to a substantial capital risk in the event of the bid failing. It may also have left the Carless balance sheet saddled with a net debt: equity gearing marginally higher than Premier's own. Worst of all, Carless has spent £15m ($18m) underlining its sincerity without conspicuously increasing its chances of success – quite the opposite, should Premier's non-institutional shareholders view yesterday's action as just a little unfairly biased against them.

Akai plans to build VCR plant in France

By David Housego in Paris

AKAI, the Japanese electronics group, is to make a FFr 35m ($3.6m) investment to build a new factory to produce video cassette recorders (VCRs) at Honfleur in western France.

The group said yesterday that Honfleur had been chosen in preference to an alternative site at Birmingham in Britain because of the good labour relations and higher productivity at Akai's existing Honfleur plant. Since 1982 Akai has been making hi-fi equipment in France and assembling video sets.

It claims to have 12 per cent of the French market in the two items and sales this year of FFr 500m. Almost two years ago Akai threatened to suspend its French operations.

The threat was in reprisal against the French Government's protectionist measures to limit the import of VCRs into France by forcing them to be processed through Poitiers in central France for customs purposes.

The French Government will, however, be providing assistance through its regional funds and through the new industrial modernisation fund to facilitate the Japanese investment.

DATAR, the regional fund, will provide FFr 35,000 for each of the 300 new jobs to be created. The local authorities have also said that they will waive the *taxe professionnelle* – a type of payroll tax.

The new venture by Akai adds to a growing list of new Japanese investment in France.

Yamaha, the Japanese motorcycle group, recently linked up with Motobécane to form a newly reconstituted company, and Peugeot Cycles signed a new joint venture with Honda to manufacture small motorcycle engines.

The new installation at Honfleur will manufacture 100,000 video sets a year.

European businessmen call on Japan to ease restrictions

BY ROBERT COTTRELL IN HONG KONG

EUROPEAN businessmen in Japan want more financial liberalisation, tougher anti-counterfeiting laws, more foreign lawyers, and fewer bureaucratic hurdles for drug companies.

They say those and other measures would make it easier for foreigners to do business in Japan, and would help to redress Japan's $10bn visible trade surplus with the EEC.

The recommendations come in a report called Doing Business in Japan, published yesterday by the European Business Council (EBC), a group comprising heads of EEC countries' chambers of commerce and business associations in Japan.

The EBC report says that it is "difficult, if not impossible, for a foreign lawyer to practise extensively in Japan." It says Japan should recognise a new category of "legal consultant," enabling foreign lawyers to open offices in Japan providing legal advice, but not engaging in litigation.

In financial services, the council says it wants Japan to set up a fully fledged offshore banking facility, authorised to handle yen transactions and enjoying tax concessions.

It wants foreign banks to be able to take advantage of a broader range of links with the Bank of Japan, and it calls for simplified procedures for opening additional bank branches.

The report also calls for a "lender of last resort" mechanism to be made available to foreign banks, which is understood to mean guarantees of central bank backing for commercial banks in Japan, and a liberalisation of Japan's "artificially" low interest rates to reflect world lending conditions.

The EBC says Japan takes too long – an average of 2½ years – to evaluate drug registrations, and that its pre-clinical test guidelines are indefinite and ambiguous.

It also wants the Japanese Government to publish a "negative" list of ingredients unacceptable in cosmetics, and a "positive" list of ingredients approved for food additives.

The EBC says the Japanese Government is publicising import-promotion measures, but that "greater account should be taken of the prevailing mood of scepticism in Europe towards Japan's professions of willingness to increase imports."

According to EBC figures, 1,100 European companies operate in Japan through an equity-financed company or branch office. Of a total European investment of Y156.3bn ($637.7m), the UK accounts for Y60.7bn, the largest segment, followed by West Germany with Y42.8bn.

The council presented copies of the report to Japanese government bodies, including the ministries of health, finance and justice, and the prime minister's office, and the Federation of Economic Organisations, Japan's main private-sector business lobby. The EBC hopes its report will form the basis for more detailed discussions with the various bodies.

New York City settles tax row with banks

By William Hall in New York

NEW YORK City has settled a long-running dispute with seven leading U.S. banks, which booked loans in offshore Caribbean centres to escape taxes, by collecting $111m of back taxes in the largest tax settlement in the city's history.

The settlement, which covers the period 1975 to 1982, centres on the issue of whether loans booked in tax-free areas such as the Caribbean are subject to U.S. tax on their profits. City tax officials argued that since much of the work and decision-making on the transactions was still done in New York some of the profits should be subject to its taxes.

The seven banks involved – Bankers Trust, Chemical, Irving, Bank of New York, Manufacturers Hanover, Marine Midland and U.S. Trust – argued that since the loans were booked offshore they had no liability. However, to avoid costly litigation, the city and the banks have been negotiating a settlement for the last year.

Since the dispute started New York has enacted legislation allowing its banks to do offshore banking in the city virtually "tax-free"

The settlement will not affect the banks' 1984 earnings since they have already set up reserves for their contribution.

Half German forests 'damaged or dying'

BY PETER BRUCE IN BONN

JUST OVER HALF OF West Germany's forests are damaged or dying as a result of pollution, according to the latest official government survey, released in Bonn yesterday.

Herr Ignaz Kiechle, Minister for Food, Agriculture and Forestry, said pollution-related diseases had spread from 34 per cent of forested land to 50.2 per cent (3.7m hectares) in the past year.

At a joint press conference with Interior Minister Herr Friedrich Zimmermann, Herr Kiechle said a particularly sharp increase in damage to deciduous trees revealed in the report added "a new dimension to the ecological consequences" of the spread of forest damage. The number of affected beech trees had doubled, and affected oaks had trebled in the past 12 months.

Herr Zimmermann, describing the results of the survey as "shocking," confirmed that he would hold talks with his opposite numbers in London, Paris and Rome next week in an effort to reach an accommodation with Community partners angered by Bonn's unilateral commitment to introduce low-pollutant cars in West Germany in 1988 and 1989.

Despite the strong reaction of both ministers to the report, they warned against "panic and blind action," arguing that joint action between European neighbours, the introduction of speed limits on West German autobahns and the decision to fit German cars with catalysators were part of a slow but relentless process towards curing the country's pollution.

The Government will find it difficult, however, to resist strident calls for action that come almost daily not only from special interest groups but, increasingly, from state governments.

The Christian-Democrat Baden-Württemberg administration yesterday called for the states to draw up plans to halve the 6.1m tonnes of nitrous oxide and sulphur dioxide pollutants produced annually in the country in the next five years.

With probably more than just an eye on the state elections early next year, the Christian Democrat and Liberal coalition in Saarland yesterday called for an immediate introduction of tax concessions for cars equipped with anti-pollution mechanisms.

The Federal Government will probably be relieved, however, that more detailed statistics in its survey show that of the forests officially declared diseased, only 1.5 per cent are considered beyond all help. That figure rose only marginally in the year.

Premier rejects Carless bid

By Ray Maughan in London

PREMIER Consolidated Oilfields, the independent British oil group, yesterday rejected a revised £105m ($126m) bid from UK rival Carless Capel Leonard as Carless sent its stockbrokers into the London market at the start of trading to buy almost 15 per cent of Premier's shares.

The new terms are one Carless share and £1 nominal of 6 per cent convertible unsecured loan stock 1996-2001 for every four Premier shares. The adjustment means the Premier shares are valued at 70p each, taking Carless at 180p, down 7p, which compares with Premier's closing price of 68p up 3p

The market tactic mirrored Unilever's raid on Brooke Bond shares last week. Whereas Rowe & Pitman was able to give its client majority control on that occasion, Carless's refusal to add a cash alternative to its new terms limited its purchases to 15 per cent. Rowe & Pitman also acted for Carless yesterday.

The outcome means that Carless now controls 16.73 per cent of its target. It expects to post its formal offer documents tomorrow and the bid will remain open for a further 14 days.

See Lex, this page

Oil price fears hit sterling

Continued from Page 1

Foreign exchange dealers also reported a substantial purchase of sterling by the Soviet Union, while the Bank of England may have intervened with small buy orders to stop it falling too quickly.

The dealers said there had yet been no build-up of speculative pressure against the pound comparable to that in July, but they said that it might remain vulnerable to any further adverse developments in the pit dispute or oil prices.

The Government, which is keen to push interest rates lower to aid the economic recovery, has so far taken a fairly relaxed view of sterling's recent fall particularly since much of it can be blamed on a strong dollar.

However the view in Whitehall now appears to be that there is sufficient pressure on the pound to rule out an early reduction in interest rates.

Pit supervisors set to strike

Continued from Page 1

to leave their pits in as safe a condition as possible.

Seven days' grace will allow time for renewed discussions, although the collapse of all-party talks earlier this week suggests there may be little scope for compromise.

Ministers and senior NCB officials doubt whether a strike call will be fully supported.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	–	–	–	Dubrovnik	S	19	66	Malaga	S	22	72	Salzburg	C	13	55
Akrotiri	F	25	77	Faro	S	23	73	Malta	–	–	–	Seoul	C	20	68
Algiers	–	–	–	Florence	S	18	64	Manila	S	30	86	Singapore	R	31	88
Amsterdam	C	15	59	Frankfurt	S	15	59	Miami	S	29	84	Stockholm	S	8	46
Athens	S	24	75	Funchal	S	23	73	Milan	S	19	66	Strasbourg	–	–	–
Bahrain	S	34	93	Geneva	F	13	55	Moscow	C	-1	30	Sydney	S	28	82
Bangkok	S	33	91	Gibraltar	S	21	70	Munich	C	10	50	Taipei	S	29	84
Barcelona	S	22	72	Guernsey	C	11	52	Nairobi	F	26	79	Tangier	C	24	75
Beirut	F	25	77	Helsinki	S	4	39	Naples	–	–	–	Tehran	–	–	–
Belgrade	C	13	55	H. Kong	C	28	82	New Delhi	S	33	91	Tel Aviv	C	26	79
Berlin	C	9	48	Innsbruck	S	17	63	New York	S	23	73	Tenerife	–	–	–
Biarritz	C	16	61	Inverness	S	14	57	Nice	–	–	–	Tokyo	C	19	66
Blackpool	C	11	52	Istanbul	C	16	61	Oporto	S	21	70	Toronto	S	14	57
Bordeaux	C	14	57	Jersey	C	12	54	Oslo	F	9	48	Tunis	F	23	73
Brussels	C	16	61	Jo'burg	C	23	73	Paris	F	16	61	Valencia	S	24	75
Budapest	F	13	55	Las Palmas	–	–	–	Prague	F	11	52	Venice	S	19	66
B. Aires	S	27	81	Lima	C	20	68	Reykjavik	F	6	43	Vienna	F	13	55
Cairo	C	30	86	Lisbon	S	23	73	Rio de J'o	–	–	–	Warsaw	F	9	48
Cape Town	S	25	77	Locarno	S	18	64	Rome	S	23	73	Zurich	F	12	54
Caracas	C	28	82	London	C	15	59								
Casablanca	F	20	68	Los Angeles	C	27	81								
Copenhagen	F	12	54	Luxembourg	F	15	59								
Corfu	S	25	77	Madrid	S	20	68								
Dublin	C	14	57	Majorca	S	22	72								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Reagan switches campaign strategy

Continued from Page 1

ting out at the issues. Ms Ferraro, in particular, has added a light but cutting humour to her repertoire. In Iowa, a farming state that Mr Reagan won comfortably in 1980, Ms Ferraro received a tumultuous reception from 10,000 supporters at a rally in Ames, just north of Des Moines.

She then proceeded to tell her audience how Mr Reagan's decision to use former Democratic President Harry Truman's train for a whistle-stop tour of the Mid-West was an apt symbol for the Reagan presidency. "There he is in the last carriage of the train, facing backwards with no idea who is at the controls in the front," she said to a roar of applause.

Commenting on excuses for Mr Reagan's poor debate performance, such as Senator Paul Laxalt's remark that the President had been "brutalised" by being forced to learn too many facts, Ms Ferraro asked: "Since when has it been cruel and brutal punishment for a President to have to learn the facts he needs to be able to govern?"

While firing off sharp volleys at the symbolism Mr Reagan has been using to underpin his re-election campaign, the Democrats have continued to pound away at Mr Reagan's record on the environment, on high interest rates and the budget deficit and, by implication, Mr Reagan's own ability to carry on for another four years.

Mr Reagan still commands a comfortable lead in most opinion polls, but the erosion of support is forcing the President to focus more on his own campaign rather than on directly helping to re-elect Republican Congressmen and Senators, that has come as a welcome relief to the Democrats, who are hoping that even if Mr Mondale does go down in flames they will be able to hang on to their strong position in the House of Representatives and perhaps win control of the Senate.

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INTL. COMPANIES and FINANCE

Travel unit helps Amex to earnings turnround

BY PAUL TAYLOR IN NEW YORK

AMERICAN EXPRESS, the U.S. financial services group, yesterday posted its first quarterly net earnings gain for three quarters after its 1983 fourth-quarter loss caused by problems at its Fireman's Fund insurance unit.

The turnround mostly reflected a sparkling performance by the American Express travel related services unit, which offset slightly lower earnings from the international banking and investment services divisions and the still depressed earnings from the insurance group.

The New York-based group said net earnings increased to $185.2m or 85 cents a share in the latest quarter, against $180.2m or 88 cents a share in the 1983 period on revenues which rose 34 per cent to $3.35bn from $2.49bn. The per share earnings decline reflects the greater number of common shares now outstanding.

Despite the third-quarter improvement nine-month earnings of $440.1m or $2.03 a share on revenues of $9.4bn still lag behind those in the same period last year, when American Express reported net earnings of $536.6m or $2.64 a share on revenues of $7.24bn.

Mr James Robinson, American Express chairman and chief executive said: "We are pleased with the progress our businesses are making. Our travel related services company continued its excellent earnings growth. IDS American Express had its best quarter since coming aboard in January 1984.

"Our investment services and international banking units did well in tough environments and we are optimistic about the long-range prospects of Fireman's Fund insurance companies."

American Express added that Warner Amex Cable Communications, the loss-making joint cable television venture with Warner Communications continued to trim operating losses.

Chalmers suspends tractor production

By William Hall in New York

ALLIS-CHALMERS, the Milwaukee-based farm and process machinery group, is suspending production of tractors and combine harvesters for several months and seeking a further refinancing of its debts because of the slump in the agricultural equipment market.

The group suffered a $3.9m reduction in net losses in the third quarter to $15.6m, but this includes the benefit of $15m from the sale of tax benefits. For the first nine months of 1984 Allis-Chalmers' net loss has been cut from $112.5m to $43.3m.

The company, which has lost more than $400m over the past 3½ years, continues to paint a bleak picture of conditions in the agricultural machinery business. Its sales were down significantly compared with the third quarter of 1983 and the first two quarters of 1984.

It said that "lower sales and continued severe price discounting for tractors and combines resulted in an increased loss for the agricultural equipment business."

The market had not improved as anticipated, with the result that dealers were carrying large inventories of farm machinery. As a result, the company is to shut down production of tractors and combines for portions of the fourth quarter of 1984 and into 1985.

W.R. Grace slows in quarter

By Our Financial Staff

W. R. GRACE, the U.S. chemicals and natural resources group, increased its net profits at a slower rate in the third quarter than in the two preceding three-month periods, but still expects full-year profits to be 20 to 30 per cent higher than 1983's $160m.

Net earnings in the third quarter rose from $28.1m or 58 cents a share to $33.1m or 68 cents, taking nine-month earnings to $138.5m or $2.80 a share against $101.7m or $2.09. Revenues rose from $4.47bn to $4.9bn, with $1.66bn ($1.51bn) in the latest quarter.

Third-quarter operating earnings in special chemicals were only 2 per cent lower than a year ago

Sonnesson and Gambro shares halted

BY DAVID BROWN IN STOCKHOLM

TRADING in the shares of Sonesson and Gambro was halted on the Stockholm bourse yesterday pending a statement from the companies. This is expected to be made today.

Sonesson, an engineering and holding company, has an 8.4 per cent shareholding in Gambro (plus 23.6 per cent of the voting rights) which it acquired earlier this year. The purchase gave Sonesson the option to increase its stake to 9.9 per cent, or 30 per cent of votes.

Sonesson has been rapidly building up is prsence in the pharmaceuticals and medical equipment markets. Last October, it bought Leo, a small drug company. In January, it bought Ferrosan, another pharmaceuticals group, and merged the two acquisitions.

Gambro has been expanding fast, but its first-half earnings fell due to heavy costs related to its attempt to increase capacity.

Lower tax bill boosts Lafarge Coppee result

By Our Paris Correspondent

LAFARGE - COPPEE, the French-based international cement group, recorded a substantial increase in earnings in the first half of 1984.

The group announced yesterday a net consolidated FFr 134m ($14m) profit compared with a FFr 39m for the same period last year. The sharp rise was achieved on an 8.3 per cent increase in turnover to FFr 8.3bn, calculated on a comparable basis to 1983.

Froup operating profits showed, however, only a 5 per cent increase in the half year to FFr 27m. The sharp improvement lower down the profit and loss account reflects higher investment income and lower tax.

The holding company Lafarge Coppe reported a turnround in the half year to FFr 79m profit after losses in the first half of 1983 of FFr 8.9m. The recovery is due to a rise in portfolio earnings, the new tax regime applicable to the group and exchange rate profits.

Strong advance reported by Finnish groups

By Lance Keyworth in Helsinki

TWO FINNISH companies, Kymmene-Stromberg and W. Rosenlew, working in the forest products and engineering sectors, report a satisfactory improvement in sales and profitability up to the end of August 1984 compared with the first eight months of fiscal 1983.

Prospects for the whole year are good and the expansion is expected to continue in 1985.

Kymmene-Stromberg's net sales rose by 13 per cent to FMk 2.52bn ($416.6m). The Kymmene forest products section accounted for FMk 1.51bn.

The operating profit before taxes and provisions increased by 51 per cent to FMk 412m, or 16.5 per cent of turnover.

W. Rosenlew, also a private sector company, which makes paper packaging products, combine harvesters and robots, increased its sales by 19 per cent to FMk 816m ($134.5m) in the first eight months. The operating profit for the period was FMk 111.2m, and the forecast for the full year is FMk 213m.

French bank capital rules simplified

By Our Financial Staff

THE French Finance Ministry has simplified the banks' capital requirements and brought co-operative and mutual banks under the same rules as other banks.

Each bank will not have to have at least FFr 15m ($1.6bn) capital, or FFr 30m within 18 months of total assets exceeding FFr 1.2bn. Banks have between two and four years to bring themselves in line.

Savings banks and municipal credit funds will be subject to the same requirements except their minimum capital need be only FFr 5m if their assets are less than FFr 600m.

Investa to form merchant bank

By Our Financial Staff

INVESTA, a Norwegian investment company owned by the Vesta-Hygea insurance group, is to form a merchant banking and securities dealing company with a capital of NKr 10m ($919,000).

Investa will hold 60 per cent of the new group and four senior executives of Sparebanken Oslo Akershus will own the balance. The executives are shortly to leave Sparebanken.

The new firm, named Invest Securities, will be based in Oslo, but plans to open an office in London. It is intended to have a major Norwegian and/or foreign institution buy into the company at a later stage.

Surge in earnings for Swedish paper group

BY OUR STOCKHOLM STAFF

MODO, Sweden's third largest forest products maker, reports a strong surge in pre-tax results for the first eight months of 1984, and predicts that full-year earnings will treble to over SKr 1bn ($113.6m).

Sales advanced by 19 per cent to SKr 4.35bn with 80 per cent generated outside Sweden, largely in dollar-denominated pulp contracts. With high capacity utilisation, costs grew by only 11 per cent and the result after depreciation was SKr 690m, against the SKr 346m achieved last year.

Nearly all the improvement was generated by higher margins in the MoDoCell division, where sales rose 29 per cent to SKr 1.8bn. In the timber, hydro-power and consumer products divisions the results declined.

Net financial costs and income from related companies was constant at SKr 187m, yielding a result before tax, extraordinary items and appropriations of SKr 504m, against SKr 159m.

MoDo also plans to invest SKr 75m in a paper coating machine which will increase capacity to meet production from a third paper machine. The new paper machine is being used to increase paper production to 125,000 tonnes.

SwFr 80m warrant bond issue by Jacobs Suchard

BY JOHN WICKS IN ZURICH

JACOBS SUCHARD, the Swiss-based coffee and chocolate concern, is to raise SwFr 80m (31m) through an issue of bonds with warrants.

Proceeds will go to the "financing of the company's dynamic expansion and the consolidation of long-term liabilities." It is believed, however, that the group is poised to make a major acquisition outside Switzerland.

In the first half of this year, group sales were up 7 per cent to over SwFr 2.27bn. The coffee business was "within expectations." but sales of the chocolate operations, which include the Tobler and Suchard labels, rose 14 per cent and profits "even more encouragingly."

The company expects full results similar to 1983 when net profits totalled SwFr 110.2m on sales of SwFr 4.6bn.

The warrant bonds have a maturity of eight years and a coupon of 3¾ per cent.

● Switzerland's four biggest banks have increased the rates for their medium-term, over-the-counter bonds. They are to offer rates of 5 per cent for three to four-year bonds and 5.25 per cent for five- to eight-year *maturities*. This marks increases of 0.25 or 0.5 per cent, on the levels in force since June. Bank Leu, adjusted its rates upwards last week.

The moves are a further sign of the way Swiss money costs are hardening. Earlier this week the Government cancelled a SwFr 250m bond issue because of unsettled market conditions.

John Davies on why Herr Comperl travels the world for business

Davy McKee sets sights on China

HERR KLAUS COMPERL has earned a reputation as a seasoned traveller. In the past two months he has flown to China, Turkey, East Germany, London, the U.S. and Mexico in pursuit of engineering contracts or for talks with business associates.

As chief executive of the West German operations of Davy McKee, the engineering and construction division of the Davy Corporation of the UK, Herr Comperl is one of those globe-trotting executives who are obliged to hunt world-wide for scarce and often hotly contested orders.

Like other big engineering contractors, Davy McKee as a group has found the past few years something of a trauma, with sales revenue falling and profits under pressure as recession and international debt problems curb the flow of orders.

The group has also made heavy losses on a contract to build a chemical plant in the Soviet Union, with provisions of £14m ($17m) having been made on this account over 1981-1983.

As part of its efforts to streamline its organisation, Davy McKee has been restructuring its West German operations, with Herr Comperl pulling the threads together from his Frankfurt office and mounting a co-ordinated assault on world markets.

Heavy losses on contract in Soviet Union

Davy McKee has closed its loss-making Cologne office and is transferring 60 of the 270 staff to Frankfurt — to join the 400 employees at Zimmer, the group's profitable synthetic fibre plant specialist — in a move running alongside the closing of the group's Belgian company itself managed from Germany.

The Cologne move broadens the Frankfurt concern's base by bringing in petrochemical plant and pollution control technology. In addition, Herr Comperl supervises the water and effluent technology business of Davy Bamag, the group's subsidiary at nearby Butzbach, with about 120 employees.

For Davy McKee, West German operations have been a mixed blessing in recent years, with losses and headaches involving its Cologne business partly offset by the performance of Zimmer.

The major problem has been losses on a DM 300m ($64.5m) contract channelled through its Cologne office to build a linear alpha olefins plant at Nishnekamsk in the Soviet Union — a project expected to be completed in the early 1990s. Difficulties arose partly because of a U.S. embargo on process know-how which was to have been supplied by a U.S. company, and partly because of Soviet insistence on redesign work.

Several other contracts handled by the Cologne office also incurred losses, while the office's alternative energy technology has met with poor response in current energy market conditions.

Despite profits at the Zimmer subsidiary, the group's UK accounts show that Davy McKee operations in West Germany registered a total loss of nearly £7m in the financial year to March 31, and a loss of £3.8m the year before.

Davy Corporation — the engineering and manufacturing group of which Davy McKee is a major part — has already been restructuring and cutting costs and manpower at a number of subsidiaries.

As a result, Davy Corporation's pre-tax profit recovered from £6.3m to £7.5m last financial year, even though sales revenue was 9.6 per cent lower at £640m. Its hope is that the restructuring in Germany will further improve earnings.

Herr Comperl believes that the West German moves will allow for greater co-ordination in seeking and carrying out engineering work worldwide.

At the same time, the West German unit — with about 600 employees and a volume of work exceeding DM 400m a year — is still small enough to react flexibly to shifts in demand for various types of technology, he argues.

In Davy's worldwide group, Zimmer has managed to keep a relatively independent profile, aided by long and carefully nurtured contacts with customers abroad, notably China.

Herr Comperl joined Zimmer in 1960, when the company was still run by its founder, Herr Hans Zimmer, an electrical engineer whose ambitious ventures extended to nuclear research and desalination of sea water.

Herr Klaus Comperl: Believes that Davy's West German operations can obtain "consistent" business with China

After Herr Zimmer died in 1963, aged only 46, the company concentrated on construction of plant to make polymer and synthetic fibre. Vickers of the UK, which had earlier bought into the company, then took full control, but sold out to Davy in 1971.

The Chinese and the East Europeans were among the earliest of Zimmer's foreign clients, but this has not prevented it from including Taiwan among its customers for synthetic fibre plants in the developing world.

Herr Comperl, who aims to spend about 40 per cent of his time travelling ("In the last two months it was nearly 100 per cent"), sees prospects of further engineering business in China—not only for Zimmer's traditional business but also for the German operations' other technologies.

In Peking recently he reached agreement in principle on a DM 22m deal to construct a plant to make phthalic anhydride, a raw material for plastics, at a chemical complex at Harbin. "A rival German bidder had left the country, thinking that the Japanese had already won the contract," he says.

He also expresses willingness to set up a joint venture company with the Chinese to develop the country's know-how in construction of synthetic fibre plants.

Zimmer has won contracts worth DM 500m from China in the last 10 years, including a DM 360m deal to build a polyester polycondensation plant at Nanjing to make raw material to turn into synthetic fibre.

IWt hCina's shift of emphasis from huge projects to more decentralisation, the Chinese are now interested in setting up fibre plants in various locations to take raw material from this centre, he says.

"They are talking about 10-20 other plants around the country. The Chinese want to learn how to build some of these plants themselves."

Herr Comperl reports that the Chinese expect the first of eight production lines to come on stream at the Nanjing plant within the next few months, and two more production lines to start up in the middle of next year.

But because of the shift in China's approach to projects, it is not clear when the remaining production lines will start up. The equipment has already been delivered, and Zimmer has so far received 85 per cent payment.

Herr Comperl believes that Davy's West German operations can obtain "consistent" business with China, although it is unlikely to exceed 10-15 per cent of such operations capacity in terms of man-hours.

The old friend relationship which Zimmer has built up with he Chinese is something that the Davy group as a whole has been anxious to harness in its efforts to obtain more contracts there. The group's recent business with China includes gold recovery projects handled through its San Francisco office —through it was edged out in bidding for a major coal-mining project.

In West Germany the group is putting great store on pollution control technology, and has indicated it is on the verge of finalising two major contracts involving power station emission control.

While the alternative energy technology was one of the disappointments of the Cologne office, the group sees better prospects in its petrochemical plant and pollution control technology, including the Welmann Lord process for emission control.

With environmental protection a keen political issue in West Germany, Davy is among a number of industrial concerns hoping to benefit from this line of business.

TECHNOLOGY

CONTROVERSY OVER VALUE OF SEEING ROBOTS

Foresight: a better bet than vision?

BY GEOFFREY CHARLISH

SHOULD machine vision be an early priority for automation designers, or is it too easy to be carried away by the glamour of the subject?

Mr J. H. Streeter, assistant director at GEC's Baddow (Essex) research laboratories believes some of us are "living in a dream world of our own invention." He thinks there will often be better and cheaper ways of sensing the shape, size and location of components on a production line without spending many thousands of pounds on complex vision systems.

Speaking at a recent Robot Vision conference staged in London by IFS (Conferences), he made a plea for more active exploitation of known sensing methods and spelt out a priority order in which even simple vision systems came fourth.

His first three sensor choices were mechanical contact, proximity (capacitive, inductive, etc) and force measurement. He felt that if as much development effort could go into these simpler electro-mechanical devices as had gone into vision systems, many more manufacturing automation problems would be solved more quickly and at lower cost.

Mr Streeter also made a strong case for simplicity in vision system design, to keep the cost down and allow more widespread use where applicable.

Instead of capturing images of the whole manufacturing station or component, Mr Streeter suggested that lower definition, cheaper cameras and electronic systems could be used to yield images, perhaps one after the other, only of areas of interest. A simple camera for example, carried on the end of a robot arm would need a resolution of only 32 x 32 pixels (fundamental picture elements) because it could get very close to the critical area.

Such cameras would look for faults based on computer guidance and previous knowledge of the part being inspected. An added advantage is that such a camera takes less time to scan the image, which can be important in high speed systems — and the processing electronics is less complex.

An example of this approach came from Mr R. J. Ahlers of the Fraunhofer Institute in Frankfurt, where a system was developed to inspect metal pressings for a vehicle maker. It uses an ASEA IRB 6/2 robot with a Fairchild solid-state camera mounted at the end of the arm. The camera always knows roughly where to look for tears in the metal or improperly formed holes, based on knowledge of the component (an engine crank case).

Optical fibre bundles arranged concentrically round the camera lens produce good local light. If a particular fault is found, the robot knows it must look at other locations where an associated problem may be present.

As usual, many of the papers at Robot Vision '84 were from supplier or academic sources. In the past, where the work has been for manufacturers, the names have often not been forthcoming.

But the situation is changing, and a presentation by Mr David Banks, executive vice president of Object Recognition Systems (ORS) of New Jersey, outlined several real applications.

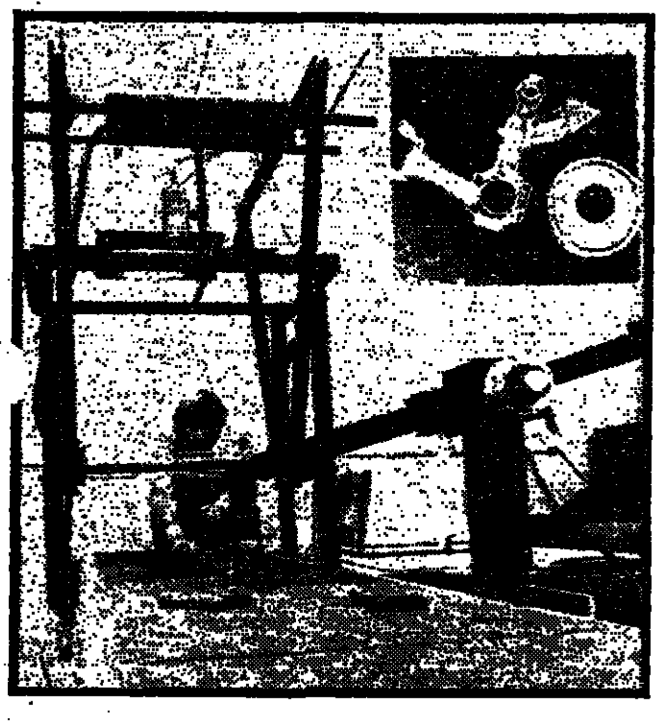
One is a system for a plastics company making credit cards for AT & T. It inspects the magnetic stripe at speeds of up to 450 a minute by projecting light into the thickness of the card, looking for any that escapes at right angles through imperfections in the magnetic oxide layer. The camera image is examined by the computer, which throws out any cards exhibiting bright spots. The system paid for itself in two months.

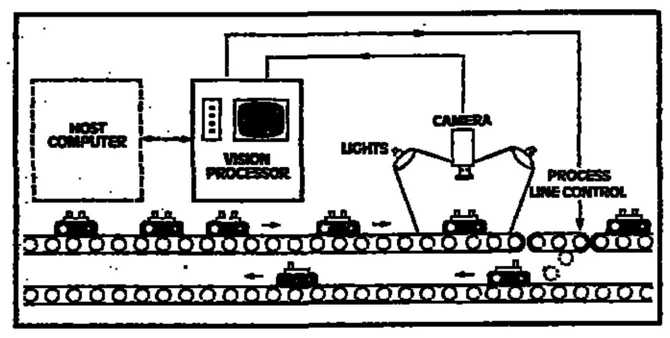
General Motors plants in Connecticut and Toledo, Ohio, have ORS equipment that makes sure the right number of balls go into ball races. The camera image is used by the computer to count them in a few milliseconds, rejecting races as necessary. Another system, for Eastman Kodak, makes sure the flash bulb assembly in disc cameras has been assembled the right way round. At Shape Engineering, video cassette assemblies are similarly examined to check for adequate tape loading and several mechanical features.

In the UK, Leicester Polytechnic has worked with machine tool maker Kearney and Trecker Marwin in order to detect tool breakages quickly on multi-head tool changers. It was realised that contact sensors would be peculiar to specific groups of tools and in any case would reduce speed. The vision system used gives complete flexibility, being able to look at any cutting tool and decide, via suitable programing, if it has broken.

Imperial College and R.D Projects have worked together to provide The Ford Motor Company with a vision system that recognises engine component sets and provides immediate information to a gantry robot during component palletisation.

One of the problems of the food industry, where profit margins are not high, is that of maintaining high product quality while keeping prices competitive. Many products are circular, like biscuits, and a team at Royal Holloway College, London, supported by United Biscuits, Unilever and the Science and Engineering Research Council, is developing equipment able to inspect several such items per second.





Above, experimental vision rig at General Motors (what the robot sees, inset); below, a suggested layout by Visual Machines for the rejection of bad parts on a production line

How robots see the world about them

VISION systems work by capturing a "still" of the scene from a monochrome television camera. Normally, to provide moving pictures a TV camera generates 25 pictures (frames) a second, each consisting of 625 horizontal lines. Persistence of vision blends them into a smooth sequence for TV viewers.

In machine vision systems, one of these frames is captured, when needed, by special electronics which very quickly examines each line and turns each of the individual picture elements (pixels) along its length into a digital code. The code represents the grey level (anything from white to black) of the pixel.

These picture elements can then be kept in a semiconductor memory store and can be computer-processed into simpler forms to aid recognition. For example, just the outline of objects can be retained. With sufficient computing power, all this can be carried out in a second or two, allowing the system to compare what it sees with previous knowledge of the shape of the object, and make a recognition decision.

Simpler systems can use a "line scan camera" in which a line of tiny light sensitive cells is moved over the object of interest, suitably illuminated. It "gathers" the image line by line, giving the same result as the TV camera, but more slowly.

Artificial vision can be used in various ways. For example, a camera placed upstream in variety of approaching components to be recognised so that a robot at the workstation can be "told" to pick them up and place them in different locations.

Alternatively, if they contain a fault they can be rejected automatically, or if the fault has degrees of seriousness, the product can be rejected and sorted at the same time. Such machines can perform 24 hours a day, without tiring or making mistakes.

AUTOMATED TESTING

Tester for complex circuit boards

LLOYD DOYLE, a small Walton-on-Thames company, has developed a system that can optically inspect a printed circuit board (PCB) in a minute or two and detect significant manufacturing flaws.

The development is timely because the complexity of PCBs, even before any semiconductor chips are soldered into them, has reached the point where human inspection of the thousands of fine tracks and pads is becoming very difficult. The "naked" printed board in its more advanced forms is at the stage reached by integrated circuit chips and completed boards in the mid-1970s — automation was the only answer to testing.

The value of finished printed boards is steadily increasing as they become more complex. The cost of rejected boards, generally only found at the shipping stage, can be several hundred pounds on the larger, multilayer types, rising well into four figures if the fault is found after the components have been added.

There are about 500 companies making boards in the UK alone, employing around 3,000 people on inspection according to Lloyd Doyle. At least 15 per cent of the labour content of a board lies in inspecting it. Many user companies also inspect boards at goods inwards.

But it is difficult to find the right people to do the job. It requires continuous, conscientious attention, but is boring. Even the best inspectors make mistakes. Fault rates vary enormously, from well under 1 per cent of boards in the best cases, to 50 per cent in the worst.

The new machine, called Trackscan, quite closely imitates the human inspector. It scans the board in 20 mm strips using a line scan camera and is able to apply the same judgments that the inspector would make, rejecting information that does not affect the functioning of the board.

System designer Dr Keith Doyle rejected the better known "comparison" and "feature recognition" techniques. In the former, a board known to be perfect is scanned and compared on a point-by-point basis with the board under test. Not only must there be perfect alignment between the two optical systems needed for this, but in addition the technique shows up every difference, even if trivial. The false alarm rate is high, says Doyle.

In "feature recognition," the system is programmed to recognise specific features on a board like tracks and pads of certain sizes. This approach however, allows the system to pass a fault that looks like a standard feature. For example, it will not detect a bridge between two holes of the same width as the track itself.

Dr Doyle describes his system as "analytical," because in effect, it asks three questions. is the track width adequate throughout the connection between two pads; is the spacing between conductors adequate; are the interconnections correct?

Image data obtained from the camera scan gives the position of the holes and tracks and this is electronically converted into a list of connections present on the board. As a first step, comparison with the list of proper connections shows any gross faults such as completely open or short circuits.

The data also goes through two other channels of processing which show if the track spacings and widths are within specification. One of these has the effect of thinning the images by prescribed amounts, while the other thickens them.

The beauty of the system is that it can distinguish between faults that might affect the board's functions and those that do not matter. For example, a nick in one of the identifying numerals will not produce a reject, because the numerals are not in the interconnection pattern.

To market the system, a new company called Trackscan (Alton, Hants) has been set up jointly by Lloyd Doyle and Mr Martin Icough, a PCB industry marketing specialist. The equipment has a basic price of £87,000 and can deal with track widths and spacings of 0.008 inch. With fine track inspection ability and a number of optional extras, this can rise to £135,000. More information on 0420 63710.

Memory

Rodime to sell in Japan

RODIME, the Scottish Winchester disk designer and manufacturer, has broken into the Japanese market with a distribution agreement through which its products will be sold by the Matsushita Electric subsidiary Matsubo.

Matsubo will be concentrating on the RO 350 disk drive, which offers up to 10 megabytes of formatted capacity in a unit the same size as micro-floppy disk drive.

Reprographics

Canon and Kodak join hands

EASTMAN KODAK COMPANY and Canon of Tokyo have announced a co-operative business venture in the plain paper copier field.

Canon is to supply Kodak with medium-volume copiers bearing the Kodak label and employing new photo-conductive materials. Technology and expert knowledge from each firm will be embodied in the designs.

Specific products will be announced later.

Memory

Erasable disk

SONY HAS developed a large capacity erasable magnet optical memory disk for computer storage. It has sold one system to KDD, the company which runs Japan's international telephone network. Delivery is scheduled for the end of the month.

UK COMPANY NEWS

H & C 84% surge to £39m halfway

AN 84 per cent increase in first half taxable profits from £21.3m to £39.2m has been achieved by Harrison & Crosfield, the plantation, commodity and industrial combine.

All divisions, with the exception of finance, returned higher contributions on total group turnover ahead by £170m to £677m. The largest profit increases were recorded by Harrisons' plantation and chemical and industrial activities, and the results also benefited from a much higher share of profits from related companies.

Shareholders are getting an effective 0.5p lift to 4.5p in their interim dividend. This payment is covered nearly four times by stated earnings per share up from last year's one-for-one scrip issues adjusted 8.5p to 17.5p.

Over the first six months of 1984 Harrison's plantation division more than trebled its contribution from £6.2m to £20.9m, accounting for nearly half of group trading profits of £45.4m (£25.3m).

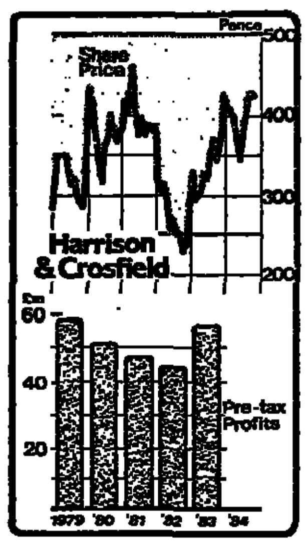
Mr T. Prentice, group chairman, says that this operation benefitted from continued good crops and favourable prices. A subsequent weakening of prices, he points out, was offset by high yields.

Chemical and industrial activities notched up a £4.4m rise to £10.1m and Mr Prentice says the outlook is promising. The UK and European distribution units maintained their previously reported better profits and, although margins are still a problem in North America, sales are higher.

Harrisons's share of related company results, amounting to £14.3m (£3.9m), pre-interest and tax, have been included in the divisional profit figures.

Marginally better profits of £6.2m, against £6m, were attained by timber and building supplies, but the chairman warns that the remainder of the year may reflect the reduction in housing starts and the generally lower levels of activity in the building industry.

Elsewhere, the commodity sections of the general trading division continued to perform well but recessionary conditions still affected the Eastern companies—the outlook is similar. Profits returned from general trading were £1.6m higher at £4.2m.



Group taxable results included a lower contribution of £3.7m, against £4.6m, from finance activities, and £300,000 (£200,000) from property disposals, and were struck after a £2.2m increase to £6.2m in interest payable.

Tax for the period under review absorbed £17.6m (£10.4m).

● **comment**

Harrisons' share have had a good run in the last few months, so it was not altogether surprising to see a bout of profit-taking yesterday despite the good interim results. The better-than-expected profits were due mainly to a fine performance from the plantation division—the price of palm oil was high during the period and the company has been investing in higher-yielding plants and trees. Analysts see little growth ahead from the already high profits in timber and plantations, but the chemical division looks promising. Demand for a new generation of jet air-airlines upgrade their fleets and this bodes well for Harrisons' chromic oxide production. A full-year pre-tax profit of around £80m seems likely, together with a tax rate of 43 per cent. On that basis, the prospective p/e is around 11½. Yesterday, the shares fell 7p to 423p, giving a yield (assuming a similar increase in the final dividend) of just over 7 per cent.

Hunting Petroleum halved at £1.4m

THE "SIGNIFICANT" reduction in pre-tax profits at Hunting Petroleum Services, from £2.81m to £1.43m, for the six months to end-June 1984, was due principally to the group's oilfield subsidiary, where difficult trading conditions affected the performance of the engineering and workshop activities.

The directors say that directional drilling results were disappointing, and these activities were disposed of on August 13.

As a result of the difficult first six months, the directors say that group pre-tax profits for the full year, before the estimated profit of £7.2m on the sale of the directional drilling interests, will be below last year's, although the second half of 1984 is expected to show a similar level of profit to the £3.16m made in the second half of 1983.

The interim dividend is being maintained at 2.25p. Basic earnings per 25p share were shown down from 6.89p net to 2.25p net, and fully diluted, from 6.46p to 2.86p net.

Last year a total of 8p was paid from profits of £5.97m.

Group turnover rose from £112.56m to £115.68m — main activities lie in crude oil transportation and terminal operations in Canada, and oil broking, storage, and products distribution in the UK and other European countries.

Trading profits fel by £930,000 to £1.54m. The £114,000 associates' loss compares with a £334,000 profit.

Apart from the oilfield services subsidiary all other major activities of the group have produced good results. In particular, Hunting Lubricants & Industrial Products is starting to reflect investment made in recent years, and Gibson Petroleum has maintained the satisfactory trading performance it achieved last year.

Paterson Zochonis gains from Nigerian connection

WITH A sharply higher contribution from related companies, especially in Nigeria, Paterson Zochonis has finished the year to May 31 1984 with taxable profits above the £30m mark for the first time.

The result for the period was £30.95m compared with £26.87m, with the rise more than accounted for by a £4.79m increase in the share of the profits of related companies at £11.06m against £6.28m. The group trades as an international merchant and manufacturer, with extensive interests in West Africa, making soaps and toiletries, refrigerators and sewing threads.

Shareholders are to receive a boost in the dividend with the proposed final raised from 3.42p to 3.7p net per 10p share, following the 1.45p interim (1.33p). Earnings are shown up from 29.62p to 29.88p per share.

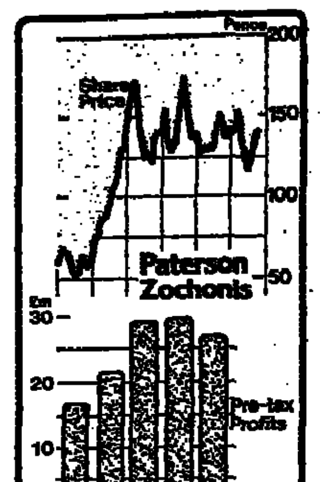
Turnover fell from £275.89m to £262.64m, but generated operating profits slightly higher at £24.72m against £23.36m. Investment income slipped from £6.45m to £5.15m, and interest charges were up from £9.21m to £10.34m.

Commenting on a "year of difficult and, at times, uncertain trading conditions," Mr J. B. Zochonis, the chairman, says that three factors benefitted the group in Nigeria.

Firstly, a four-year £100m capital expenditure programme to increase local manufacturing capacity reached completion; secondly, the Nigerian Government, having classified soaps and detergents as essential commodities, provided the requisite import licences; thirdly, the group continued its policy of financing adequate levels of its raw material and other import requirement.

Arising from these three factors, the chairman says that the operations in Nigeria made a significant contribution to the Government's efforts to alleviete shortages and produced higher profits.

Mr Zochonis continues that the contribution to profits by the Cussons group worldwide was an improvement over the previous year's, with Australia and Kenya again showing "satisfactory" growth.



The UK company's results, however, following last year's restructuring, continued to be depressed by the slow recovery of manufacturing performance and by higher raw material prices.

The performance of other group operations overseas was generally satisfactory apart from Greece, where the results were adversely affected by what the chairman considers to be increasingly harsh price controls.

As has been widely reported, Nigeria has for some time been in talks with national and international financial agencies. The outcome of these discussions, their impact on the group and the possibility or extent of related currency realignments cannot be predicted at this time but "clearly could have a bearing on the results of the current year," says the chairman. However, the year has started satisfactorily and, subject to the above reservations, group profits in the first half will be comparable with last year's £14.23m pre-tax result.

The group paid more in tax for the full year at £14.01m against £11.18m and to minorities at £2m against £870,000. After a net extraordinary credit of £719,000 (nil)—release of deferred tax provisions minus property revaluation losses—profits came out at £15.66m (£14.83m) at the attributable level. The ordinary dividend accounted for £2.44m (£2.25m) with the group retaining £12.45m (£11.8m).

See Lex

Expansion costs peg Air Call rise to 2.4%

HEAVY MARKETING expenses associated with the de-regulation of the telecommunications industry and losses incurred by Teledata pegged a first half profit increase at Air Call to a modest 2.4 per cent.

Air Call, a USM stock engaged in paging and radio communications, experienced a 70 per cent rise in turnover from £8.57m to £14.6m over the first six months of 1984 but only a £15,000 increase to £653,000 in taxable profits.

Mr J. O. Stanley, group chairman, says the performance demostrates far more than he previously realised the merit of Air Call's policy to develop a strong international network *and to reduce dependenc on* "monopolistic conditions" in the home market.

He pointed out that the coming privatisation of British Telecom has created a "New strong competitor" and has led to increased marketing to maintain Air Call's position.

Also, Mr Stanley says that of the company's two major acquisitions in 1983, "it is disappointing that Teledata continued to trade at a substantial loss."

Teledata is expected to return to profits and the chairman adds that the inclusion for the first time of results of Air Call's U.S. acquisition, CCI, has exceeded expectations.

Air Call, which has close company status, is holding the interim dividend at 1.85p on the *capital enlarged by last year's* two-for-five rights issue.

Earnings per share rose from 7.99p to 9.07p after tax of £159,000 (£327,000) — minorities took £3,000 last time and there were extraordinary debits this time of £81,000.

● **comment**

The progressive deregulation of the UK telecommunications industry has both opened up the market and brought with it the hefty marketing commitment that comes hand-in-hand with having to compete with the likes of BT, Securicor and Racal. Air Call gives no figures, but these costs, including those of launching cellular radio, are probably running excess of £0.75m this year. *On top of this Teledata is* still in loss and there is the on-going write-offs related to CCI, all of which explain the flat interim figures and the cautious forecast. In the short term there is no prospect of any let-up in the marketing campaign as Air Call clearly wants to be well placed to take advantage of the free-for-all. But Teledata's rationalisation is pulling this company round, with the prospect that losses of around £0.25m this year will be reversed next year. Overall, a small increase from £1.3m to £1.4m looks on the cards for the year. Tax losses at CCI will reduce the group tax charge to about 25 per cent, which puts the 383p shares, down 47p, on a prospective multiple of just under 20. *The market is clearly taking the* longer-term view.

Breakmate heads for USM through 30% placing

BY ALISON HOGAN

Breakmate, a drink dispensing and catering consultancy group, is coming to the USM later this week by way of a placing of just over 1m shares, equal to around 30 per cent of the equity, at £1 each.

Breakmate was established in 1967 by managing director, Barry Cager to supply offices with drink dispensing machines, ingredients and servicing. The management discovered that the installation of their machines stopped short of the directors' floors where "real" coffee was served separately and so started to explore ways of improving the quality of drinks in the machines.

A formula of freshly brewed coffee and tea proved successful and today the company employs some 280 staff in London and in four regional offices at Rugby, Bristol, Colchester and Manchester.

Turnover has grown from £4.67m in 1981 to £6.9m in 1983 while over the same period pre-tax profits have risen from £164,000 to £315,000. The company expects to make pre-tax profits of around £450,000 in the current year on £8.73m turnover giving a prospective actual tax PE of around 12.5 and a yield of 4 per cent.

The placing which is being handled by Capel Gore Myers begins tomorrow with dealings expected to start a week later

Frank Gates warns of profit fall

Frank G. Gates, main Ford dealer, does not expect to match the 1983 profit of £1.19m in the current year.

The directors state that most car manufacturers are entering into incentives, price reductions and bonuses making a forecast impossible but "it does not appear that the pre-tax profit of 1983 will be maintained in 1984."

Meanwhile the group reports first half 1984 profits lower at £606,000 compared with £662,000, before tax of £280,000 (£298,000). In June the directors warned that the year had not started wel with profits in the first four months lower that those in the same period of last year.

Dividends are paid annually — the last being 3p in respect of 1983.

Listed MidCon looks to Europe

TRADING IN shares of MidCon, the big Midwestern U.S. energy company, began yesterday on the Stock Exchange.

The listing is intended as a prelude to a likely Euromarket financing next spring, and to boost the number of European shareholders, who at present hold around 3 per cent of the shares. The listing comes four months after MidCon's European bank revolving credit facility was increased from $100m to $250m.

The company had aimed to *raise money in the Euromarkets* in the summer, but backed out amid the uncertainty caused by recent U.S. tax changes. Next year's financing would be in the $50m-$100m range, the company indicated in London yesterday.

About 70 per cent of MidCon's assets are deployed in the natural gas transmission business.

Net profits in the year ended *September 30 1983* were $121.7m (£100.7m) or $4.11 a share on sales of $3.3bn, and the company shortly expects to report record earnings for fiscal 1984.

Credit Suisse First Boston is sponsoring the listing, and de Zoete & Bevan are the brokers.

New look Wardle returns to SE via offer for sale

Bernard Wardle will complete a full circle early next month when it returns to the Stock Market with a new name, Wardle Storeys, and a new shape.

Investors who sold out at 33p per share in 1980 would need to pay a lot more money to buy their way back into the revamped company. When Hill Samuel brings it to the market for a full listing via an offer for sale of 30 per cent of its equity it will be capitalised at *around £20m, with a yield of* about 5 per cent.

Previous shareholders in Bernard Wardle, the troubled vinyl textile company, were so eager to accept the 33p a share offer made in 1980 by Mr Graham Ferguson Lacey, through his private investment company that they ignored his advice to sell only half their holding and he ended up with control of the company for around £6m.

Mr Brian Taylor, who was brought in as managing director in 1980, has been largely responsible for the changed fortunes of the company. He instigated a major reorganisation and streamlining of the company and, in 1982, the £5m management buy-out from Lacey's NC Co.

This was achieved with institutional backing which helped bring down the company's excessive borrowings and provided much needed additional working capital.

The buy-out deal involved directors putting up £83,000, of which Mr Taylor contributed £70,000, with the institutions, Citicorp, Fountain Development, Capital Fund. The BR Pension Fund and Electra Investment Trust providing the rest.

The institutions began with 70 per cent of the equity which has been diluted to 49 per cent through a profit-related incentive deal with management. Mr Taylor currently has 42.9 per cent.

The company's revival was completed with the acquisition in February 1983 of one of its major competitors, Storey Industrial Products for around £4m from Turner & Newall.

Bernard Wardle's reputation for high quality PVC and other plastic sheets married with Storey's record of customised products. In addition, a strong design and print capability broadened the base of the company and provided further opportunities to improve profitability, after a strict programme of cost cutting which included the closure of Storey's Lancaster factory.

Bernard Wardle was hit in the late-1970s through its reliance on the automotive industry. Sales to this sector, which include sun visors, boot linings and a noise reducing lining called "Deadpan," now account for 24 per cent of sales.

A further 6 per cent comes from the nursery market where Wardle Storeys is a leading supplier of washable linings for prams and push chairs to companies including Mothercare.

Other uses for the company's products take in shop awnings, floor tiles, protective clothing, bath panels and a range of stationery products.

In the 16 months to end-March 1981, Benard Wardle incurred pre-tax losses of £3.65m including a net interest charge of £1.3m. The 14 months to August 1983, which included five months from Storeys, produced pre-tax profits of £974,000 on turnover of £30m. In the last year pre-tax profits increased to around £3m on turnover of £40m.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Air Call‡	int	1.85†	Nov 16	1.85	—	5.6
Brewmaker	int	0.3	Dec 5	—	—	0.4
Cradley Print		1.19	Jan 7	10.5	1.19	10.5
Feb Intl	int	0.89	Dec 7	0.81	—	2.64
Harrison & Crossfield	int	4.5	Dec 7	4*	—	17*
Hunting Petroleum	int	2.25	Nov 26	2.25	—	8
Jenners, Princes St	int	8¶	Nov 30	6.5	—	—
Walter Lawrence	int	3	Jan 2	3	—	10.25
Paterson Zochonis		3.7	Dec 4	3.42	5.15	4.75
Peachey		4.5	—	3.75	7	6

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. ¶ To reduce disparity.

MINING NEWS

Forward deals can go astray

BY KENNETH MARSTON, MINING EDITOR

THE SHARP advance in the South African rand price of gold to record levels—brought about by the weakness of the currency against the U.S. dollar in which gold sales are made—looks to have caught some of the gold mining companies on the wrong foot with their forward selling activities.

The marginal mines make forward sales of their gold in order to hedge against a likely fall in the price. By the same token, however, they miss out when the price rises as it has done recently but this is the price to be paid for insurance against possibly severe losses on the mining operations.

All the South African mines are allowed to hold the U.S. dollar receipts for their gold sales for a period of seven days. This gives them the opportunity to enter into forward currency contracts but the question now arises as to whether such activities are in the interests of shareholders in the cases where a non-marginal mine does not really have to become involved in the currency markets.

In the September quarterly reports issued by the Johannesburg Consolidated and Anglo-Vaal groups there are some disappointing profits which appear to be partly, at least, a result of unsuccessful forward dealings.

Randfontein Estates, for example, reports that its gold price for the quarter of R16,497 per kilogramme takes into account currency forward transactions. This is below the average of R17,338 obtained by the seven mines in the Consolidated Gold Fields group and prices of around R17,000 received by the Rand Mines producers.

Partly because of a decrease in gold production, Randfontein's working profit on gold is below that of the previous three months. The tax charge has risen in line with the general trend with the result that net profits for the quarter have fallen by 17 per cent from the level of the June quarter when the gold price received was only R15,897.

Western Areas, which sells forward a significant portion of its gold production has come out with a lower price received for the September quarter than in the previous three months, it being R16,527 against R16,566. However, a reduction in tax has left the mine with a higher net profit, as the following table shows.

	Sept. qtr. R000	June qtr. R000	March qtr. R000
Randfontein	45,933	55,297	48,481
Western Areas	16,210	15,700	17,749

A disappointing September quarter result comes from the Anglo-Vaal group's Hartebeestfontein. Here again, it appears that the mine came out with a lower than average gold price in the quarter, and, with an increased tax charge, the net profit is 22 per cent down on the previous three months.

A notably bright spot is provided by Loraine. Increased production coupled with a good price for gold has boosted quarterly earnings of this non-tax payer. Net profits for the full year to September 30 amount to R12.2m against R16.3m for the previous 12 months.

The antimony-producing Consolidated Murchison reports a lower profit in line with a fall in sales. In the previous quarter the company warned that following the fall in stocks, antimony sales in the second half of this year would have to be made largely from current production and would thus be lower.

Net profits of the Anglo-Vaal group mines are compared below.

	Sept. qtr. R000	June qtr. R000	March qtr. R000
Hartebeestfontein	26,579	34,179	27,224
Loraine	7,571	2,265	2,289
Cons. Murchison	2,943	4,943	2,681
Prieska	8,126	7,725	4,738
East Transvaal	4,706	7,371	5,883
Village Main	247	357	312

† Restated.

Bids and deals, more company news, Pages 32-33

No increase in Minorco dividend or earnings for current year

A LIKELY decline in earnings for the current year to next June and an unchanged dividend is forecast for Minerals and Resources Corporation (Minorco), the Anglo American Corporation group's big Bermuda-registered international investment vehicle.

In the annual report Mr Julian Ogilvie Thompson, the chairman, confirms that Minorco is to invest an additional $100m (£83m) in the current year in order to maintain its equity stake in the struggling U.S. Inspiration Resources Corporation (IRC). this follows a contribution of $111.5m last year to IRC's previous equity raising of $181.5m.

IRC is suffering from weak copper prices and a heavy debt burden. It is hoped that the new funds will allow the company to reduce its debt and pursue new profitable business opportunities, it already having moved to emphasise its commitment to oil and gas and precious metals.

Mr Ogilvie Thompson points out that Minorco's cash on deposit amounts to some $70m so that it will have to borrow in order to provide the IRC funds. The consequent loss of interest on current cash balances coupled with that to be paid on the borrowings will result in lower earnings this year.

At the same time, Minorco's share of the undistributed earnings of the equity-accounted investments is not expected to be much changed unless sterling appreciates against the U.S. dollar. Despite the anticipated decline in earnings, Minorco is confident that the dividend will be maintained, says Mr Ogilvie Thompson.

Earlier this year Minorco said that it intended to follow up another equity financing of IRC. However, there will be disappointment with Minorco's forecast that this will mean lower earnings and the lack of any dividend increase for another year, especially in view of the low dividend yield of 2 per cent on the shares. They were 550p yesterday.

BIDS AND DEALS IN BRIEF

Charles Baynes has announced a restructuring of its various property services and maintenance divisions into a new group to be known as Baynes Property Services.

This new division will combine the businesses of Beaumont Drew, the building company, Contract Asbestos Removal, ABC Decoration, Clean Walls and Spraymaster.

* * *

The joint receivers and managers of Yorkshire Meat Packers have announced the sale of the premises, plant and stock to Simon-Claire, a subsidiary of Grunta Holdings.

Walter Lawrence P.L.C.

Interim Statement
(unaudited)

	6 months to 30 June 1984 £000	6 months to 30 June 1983 £000	Year to 31 December 1983 £000
Turnover	**55,341**	38,282	82,021
Profit before taxation	**875**	791	2,627
Earnings per share	**13.0p**	14.3p	44.3p
Dividends per share	**3.0p**	3.0p	10.25p

"I am confident the results for the full year will prove satisfactory."

J.A.B. Redgrave, Chairman

Walter LAWRENCE Construction · Housebuilding · Manufacturing and Engineering ·

Feb rises at halfway

Feb International, manufacturer of chemicals and retail distributor of building materials, reports higher pre-tax profits of £437,000, compared with £405,000, for the first half of 1984.

Mr Gordon Fisher, chairman and managing director, tells shareholders that increased sales and profits in the chemical division have offset a reduction in the trading division's contribution. Group sales for the half year amounted to £13.92m compared with £12.13m.

At the annual meeting in May the chairman reported that home and overseas trading had shown an increase and "providing this trend continued" he saw no reason why 1984 should not prove to be another record year for profits.

The chairman now says that he looks forward to reporting satisfactory results for the current year. The interim dividend is increased from 0.805p to 0.8855p net per 10p share—the total for 1983 was 2.84p paid from pre-tax profits of £1.08m.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: British Home Stores, Brooke Bond, City of Oxford Investment Trust, Duport, Edmond, Energy Services and Electronics, Hanover Investments, Hawker Siddeley, House Property Co of London, Marshall's Universal, Nu-Swift Industries, Scottish Mortgage and Trust, Securities Trust of Scotland, Smith St. Aubyn, Francis Sumner, Sun Life Assurance Society, United Parcels, Western Brothers.

Finals: Bejam, Elect. Old Court International Reserves, TSW—Television South West.

FUTURE DATES

Interims—

Ellis and Goldstein ... Oct 31

Finals—

Castle (G.B.) ... Oct 18
Fairview Estates ... Oct 30
High-Point Services ... Oct 22
Majedie Investments ... Oct 24
National Australia Bank ... Nov 15
Peters Stores ... Nov 7

AIR CALL

AIR CALL PLC

Interim Results
(unaudited)

Six months to 30th June, 1984

	Six months to 30th June 1984 £'000s	Six months to 30th June 1983 £'000s	Year to 31st Dec. 1983 £'000s
Turnover	14,598	8,573	17,831
Profit before taxation	653	638	1,305
Profit after taxation	494	308	869
Earnings per share	9.07p	7.99p	22.5p
Dividend per share	1.85p	1.85p	5.6p

Summary of Chairman's Review

Performance for the half year to 30th June has demonstrated the merit of our policy to develop a strong international base. Liberalisation and the B.T. privatisation has created a new strong competitor in the U.K. and we are having to increase our marketing to maintain our position.

Of the two major acquisitions in 1983, Teledata continued to trade at a substantial loss but there are now signs that it will achieve profitability in the future. CCI, in the United States, has exceeded expectations and is compensating for the frustrations in the U.K.

Turnover increased by some 70% over the comparable period last year and profits before tax, after a write off of goodwill on CCI (which was included for the first time), increased to £653,000.

Cellular Radio, commencing in the U.K. early in 1985 and the expected introduction of Band III (which will permit radio telecommunication networks utilising the former 405-line television frequencies) will provide significant marketing opportunities for the Company. An extensive promotional programme will gather momentum later this year and, whilst the costs associated with this will affect margins this year, benefits, which should more than compensate, are expected to accrue in 1985 and beyond.

A satisfactory outcome for the year as a whole is expected and, whilst significant short-term benefits at pre-tax levels should not be expected, profits after tax should benefit from a reduced tax charge arising from CCI's carried forward tax losses.

J. O. Stanley, Chairman

Anglovaal Group

Mining companies' reports – Quarter ended 30 September 1984

All companies mentioned are incorporated in the Republic of South Africa.
All financial figures for the quarter and progressive figures for the year to date including those of Loraine Gold Mines, Limited, are unaudited.
Rate of exchange on 30 September 1984, R1,00 = £0,47, £1,00 = R2,11.
Development results given are the actual sampling results. No allowance has been made for adjustments necessary in the valuation of the corresponding ore reserves.
Shareholders requiring copies of these reports regularly each quarter, should write to the Secretaries, Anglo-Transvaal Trustees Limited, 295 Regent Street, London W1R 8ST.

Hartebeestfontein Gold Mining Co Ltd

Issued capital: 112 000 000 shares of 10 cents each

Operating results	Quarter ended 30 Sept. 1984	Quarter ended 30 June 1984	Financial year ended 30 June 1984
Gold			
Ore milled ... t	773 000	777 000	3 070 000
Gold recovered ... kg	7 725,00	7 836,10	30 509,54
Yield ... g/t	10,0	10,1	9,9
Revenue ... R/t milled	158,38	156,36	152,39
Costs ... R/t milled	78,28	75,40	72,86
Profit ... R/t milled	80,10	80,96	79,53
Revenue ... R000	122 427	121 493	467 835
Costs ... R000	60 507	58 589	223 685
Profit ... R000	61 920	62 904	244 150
Uranium oxide			
Pulp treated ... t	773 000	777 000	3 070 000
Oxide produced ... kg	102 193	114 808	452 914
Yield ... kg/t	0.13	0,15	0,15
Financial results	R000	R000	R000
Working profit – gold mining ...	61 920	62 904	244 150
Profit from sales of uranium oxide, pyrite and sulphuric acid ...	4 734	5 299	16 778
Non-mining income ...	8 508	6 157	19 693
	75 162	74 360	280 621
Interest paid, stores adjustment and service benefits ...	384	389	1 457
Net royalty payments ...	2 703	1 174	8 659
Profit before taxation and State's share of profit ...	72 075	72 797	270 505
Taxation and State's share of profit ...	45 496	38 618	144 598
Profit after taxation and State's share of profit ...	26 579	34 179	125 907
Capital expenditure ...	4 768	12 876	45 202
Loan repayments ...	41	790	3 187
Dividends ...	—	47 600	81 200
	4 809	61 266	129 589
State loan levy refund ...	—	5 193	5 193
	4 809	56 073	124 396
Development			
Advanced ... m	8 008	10 283	42 194
Sampling results on Vaal Reef:			
Sampled ... m	584	1 228	6 322
Channel width ... cm	73	67	62
Channel value – gold ... g/t	15,0	15,8	21,9
... cm.g/t	1 104	1 062	1 364
– uranium oxide kg/t	0,38	0,33	0,42
... cm kg/t	28,24	22,40	25,85

Financial
In terms of the Company's articles of assocation, the directors' borrowing powers are limited to R50 000 000. At 30 September borrowings totalled R12 505 000 (1983: R17 952 000) of which long-term borrowings amounted to R10 225 000 (1983: R15 672 000) and short-term to R2 280 000 (1983: R2 280 000).

Hedging transactions
The Company has sold portions of its future gold production on a fully-hedged basis as detailed below:

Quarter ending	Kg of gold sold	Average realisable value per kg sold
December 1984	1 393,0	R17 179
March 1985	746,5	R18 742
June 1985	1 990,7	R19 154
September 1985	1 026,4	R20 315

Revenue derived from the sale of gold takes into account the results of hedging transactions.

Dividend
Final dividend No. 57 of 425 cents per share, declared in May 1984, was paid in July 1984.

Capital expenditure
Outstanding commitments at 30 September 1984 are estimated at R9 994 000 (30 June 1984. R8 529 000).

For and on behalf of the board
B E Hersov, D.J Crowe *Directors*

Directors: B E. Hersov D.M.S., Hon. LL D. (Chairman), B L. Bernstein Hon. LL D., D J Crowe*, J C. Fritz, P.L. Grimbeek, E.P. Gush, W.R. Lawrie, W.W Malan, Clive S. Menell
Alternate directors: P.J. Eustace, M D. Henson, C R. Netscher, C.L. Sunter, J.E. van Niekerk, D.J. Viljoen, R.A.D. Wilson
*British
17 October 1984

Prieska Copper Mines (Pty) Ltd

Issued capital: 54 000 000 shares of 50 cents each

Operating results	Quarter ended 30 Sept. 1984	Quarter ended 30 June 1984	Financial year ended 30 June 1984
Ore milled ... t	731 000	745 000	2 983 000
Concentrates produced			
Copper ... t	24 147	22 171	96 698
Zinc ... t	38 560	33 623	149 605
Concentrates despatched			
Copper ... t	27 907	22 755	100 755
Zinc ... t	46 340	40 721	140 027
Financial results	R000	R000	R000
Operating profit ...	14 848	14 432	35 847
Non-mining income ...	1 420	1 041	3 761
	16 268	15 473	39 608
Interest paid ...	5	33	67
Profit before taxation ...	16 263	15 440	39 541
Taxation ...	8 137	7 715	16 736
Profit after taxation ...	8 126	7 725	22 805
Capital recoupments ...	(11)	(166)	(124)
Dividends ...	—	8 100	13 500
	(11)	7 934	13 376
Development			
Advanced ... m	1 053	2 309	11 115

Financial
Despatches, which vary from quarter to quarter, are brought to account at their estimated receivable value. Operating profit takes into account adjustments following final price determinations on despatches made during previous quarters.

Dividend
Final dividend No. 2 of 15 cents per share, declared in May 1984, was paid in July 1984.

Capital expenditure
There were no outstanding commitments at 30 September 1984 (30 June 1984: nil).

For and on behalf of the board
D.J. Crowe, R.A.D. Wilson *Directors*

Directors: D.J. Crowe** (Chairman), B.E. Hersov D M S., R.L. L'Esperance*, J F. Machamer*, D G Mackinnon* Clive S. Menell, J A Pesell*, R A D Wilson
Alternate directors: D.A. Blaine, A.J. Evans, M D. Henson, A. C. Malan
*American **British
17 October 1984

Eastern Transvaal Consolidated Mines, Ltd

Issued capital: 4 316 678 shares of 50 cents each

Operating results	Quarter ended 30 Sept. 1984	Quarter ended 30 June 1984	Financial year ended 30 June 1984
Ore milled ... t	85 500	85 900	309 400
Gold recovered ... kg	909,70	906,14	3 129,69
Yield ... g/t	10,6	10,5	10,1
Revenue ... R/t milled	185,19	160,62	152,72
Costs ... R/t milled	73,19	74,83	75,73
Profit ... R/t milled	112,00	85,79	76,99
Revenue ... R000	15 834	13 797	47 252
Costs ... R000	6 258	6 428	23 432
Profit ... R000	9 576	7 369	23 820
Financial results	R000	R000	R000
Working profit – gold mining ...	9 576	7 369	23 820
Non-mining income ...	551	1 503	1 966
	10 127	8 872	25 786
Prospecting expenditure and stores adjustment ...	491	1 035	3 646
Profit before taxation ...	9 636	7 837	22 140
Taxation ...	4 930	542	767
Profit after taxation ...	4 706	7 295	21 373
Extraordinary item ...	—	76	1 576
Net profit ...	4 706	7 371	22 949
Capital expenditure ...	1 850	2 458	15 690
Dividends ...	—	3 022	3 885
	1 850	5 480	19 575
State loan levy refund ...	—	288	288
	1 850	5 192	19 287

The extraordinary item represents the net after-tax profit arising from the sale of the timber plantations and sawmill at Mamre.

Development			
Advanced ... m	1 147	1 705	7 917
Sampling results:			
Sampled ... m	611	850	3 276
Channel width ... cm	209	213	205
Channel value ... g/t	3,8	6,0	6,5
... cm.g/t	796	1 278	1 340

Hedging transactions
The Company has sold portions of its future gold production on a fully-hedged basis as detailed below:

Quarter ending	Kg of gold sold	Average realisable value per kg sold
December 1984	155,5	R17 794
March 1985	—	—
June 1985	186,6	R18 687
September 1985	84,0	R20 402

Revenue derived from the sale of gold takes into account the results of hedging transactions.

Dividend
Final dividend No. 68 of 70 cents per share, declared in May 1984, was paid in July 1984.

Capital expenditure
Outstanding commitments at 30 September 1984 are estimated at R2 537 000 (30 June 1984: R2 535 000).

For and on behalf of the board
R A D. Wilson, D.J Crowe *Directors*

Directors: R A D. Wilson (Chairman), D.J. Crowe*, M D. Henson, B.E. Hersov D.M.S., W W Malan, Clive S. Menell, J.E. van Niekerk
*British
17 October 1984

Consolidated Murchison Ltd

Issued capital: 4 160 000 shares of 10 cents each

Financial results	Quarter ended 30 Sept. 1984 R000	Quarter ended 30 June 1984 R000	Nine months ended 30 Sept. 1984 R000
Sales of antimony concentrates less realisation charges ...	8 051	11 997	26 475
Gold sales ...	2 823	2 608	8 320
Sundry mining income ...	23	45	84
	10 897	14 650	34 879
Working costs ...	6 100	5 611	16 748
Working profit ...	4 797	9 039	18 131
Non-mining income ...	327	357	1 073
	5 124	9 396	19 204
Prospecting expenditure and interest paid ...	369	245	952
Profit before taxation ...	4 755	9 151	18 252
Taxation ...	1 812	4 208	7 785
Profit after taxation ...	2 943	4 943	10 467
Capital expenditure ...	994	916	2 267
Dividends ...	—	1 664	1 664
	994	2 580	3 931

Financial
The revenue from the sale of antimony concentrates brought into account each quarter is based on actual shipments made, which can vary considerably from quarter to quarter. The Company has entered into currency forward contracts in respect of a portion of its revenue from future sales of antimony concentrates over the next 12 months.

Dividend
Interim dividend No. 73 of 40 cents per share, declared in June 1984, was paid in August 1984.

Capital expenditure
Outstanding commitments at 30 September 1984 are estimated at R153 000 (30 June 1984: R227 000).

For and on behalf of the board
C. Carrington, D.J. Crowe *Directors*

Directors: C. Carrington† (Chairman), D.J Crowe* (Deputy Chairman), B E. Davison (Managing Director), V G Bray, J. Coetsee, B.E. Hersov D.M.S., B.J. Jackson*, W.W. Malan, Clive S. Menell, R.A.D. Wilson
Alternate directors: P.W J Coenen†, P.J. Cronshaw*
*British †Dutch
17 October 1984

Loraine Gold Mines, Ltd

Issued capital: 16 366 986 shares of R1,00 each

Operating results	Quarter ended 30 Sept. 1984	Quarter ended 30 June 1984	Financial year ended 30 Sept. 1984
Ore milled ... t	420 000	406 000	1 601 000
Gold recovered ... kg	2 228,57	2 195,10	8 390,06
Yield ... g/t	5,3	5,4	5,2
Revenue ... R/t milled	92,65	82,45	82,96
Costs ... R/t milled	75,36	73,40	75,30
Profit ... R/t milled	17,29	9,05	7,66
Revenue ... R000	38 916	33 474	132 817
Costs ... R000	31 652	29 799	120 554
Profit ... R000	7 264	3 675	12 263
Financial results	R000	R000	R000
Working profit – gold mining ...	7 264	3 675	12 263
Profit from sales of uranium oxide, pyrite and treatment of stockpiled calcines ...	614	203	1 579
Non-mining income ...	164	(492)	542
State assistance ...	—	(537)	—
	8 042	2 849	14 384
Interest paid, stores adjustment and service benefits ...	487	569	2 179
Tributing royalty payable ...	(16)	15	(17)
Profit ...	7 571	2 265	12 222
Capital expenditure ...	726	3 325	9 145
Loans received ...	165	—	165
	561	3 325	8 980
Loan repayments and adjustments for currency fluctuations ...	(539)	3 868	3 631
	22	7 193	12 611
Development			
Advanced ... m	7 038	6 412	28 506
Sampling results:			
Kimberley reefs			
Sampled ... m	38	60	364
Channel width ... cm	55	173	123
Channel value ... g/t	42,3	4,8	6,3
... cm g/t	2 337	834	770
Basal reef			
Sampled ... m	172	326	1 064
Channel width ... cm	8	8	8
Channel value ... g/t	85,0	143,6	93,0
... cm.g/t	680	1 149	744
Eldorado reefs			
Sampled ... m	816	890	2 936
Channel width ... cm	113	115	111
Channel value ... g/t	9,6	9,2	8,4
... cm.g/t	1 078	1 064	945
Total – all reefs			
Sampled ... m	1 026	1 276	4 364
Channel width ... cm	93	91	87
Channel value ... g/t	11,4	11,8	10,2
... cm.g/t	1 058	1 075	822

Ore reserve
The total ore reserve at 30 September 1984, based on a gold price of R16 715 per kilogram, is estimated as follows:

	Kimberley reefs	Basal reef	Eldorado reefs*	Total and averages
Tonnage ... t	1 251 000	2 325 000	2 419 000	5 995 000
Stoping width ... cm	104	85	127	103
Value ... g/t	7,7	7,6	8,8	8,1
... cm.g/t	804	643	1 114	829

*Not included in the above are massive orebodies estimated to contain a total of 488 000 tons at an average grade of 6,1 g/t.

Financial
In terms of the Company's articles of association, the directors' borrowing powers are limited to R35 000 000. At 30 September borrowings totalled R17 934 000 (1983: R15 894 000) of which long-term borrowings amounted to R6 030 000 (1983: R9 496 000) and short-term to R11 904 000 (1983: R6 398 000).

Hedging transactions
The Company has sold portions of its future gold production on a fully-hedged basis as detailed below:

Quarter ending	Kg of gold sold	Average realisable value per kg sold
December 1984	870,9	R18 186
March 1985	870,9	R18 731
June 1985	746,5	R18 619
September 1985	528,8	R21 100

Revenue derived from the sale of gold takes into account the results of hedging transactions.

Taxation
No taxation or State's share of profit was payable as the Company has assessed losses.

Capital expenditure
Outstanding commitments at 30 September 1984 are estimated at R898 000 (30 June 1984: R1 202 000).

For and on behalf of the board
D.J. Crowe, R.A.D. Wilson *Directors*

Directors: D.J. Crowe* (Chairman), F. Bentley*, B E. Hersov D.M.S., W.W. Malan, Clive S. Menell, C.R. Netscher, P.L. Grimbeek, S.W. van der Colf, R A D Wilson, G.S. Young
Alternate directors: T.S. de Souza, F.S. Clarke, P.J. Eustace, D.J. Viljoen
*British
17 October 1984

BIDS AND DEALS

Chubb appeals for Panel intervention in Racal bid

BY CHARLES BATCHELOR

Chubb, the security group which is fighting off a £179m take-over bid from Racal Electronics, the defence and communications group, yesterday appealed to the Takeover Panel to intervene in the bid battle.

The appeal, which is being made by County Bank, Chubb's advisers, followed comments yesterday by Sir Ernest Harrison, chairman of Racal, which were taken to indicate that institutions had begun to accept the *Racal offer.*

Sir Ernest said: "I am very happy with the way things are going. All the indications we are getting suggest the City believes our offer is a good one and makes commercial sense." *He declined to reveal the level* of acceptances under the rules of the City's take-over code.

Mr Bill Randall, Chubb chairman, commented: "It is highly questionable to put out a statement like that at this stage. It is not our impression that the institutions are starting to accept. We have talked to them over the past few days." County Bank said it had asked the Panel to find out what level of acceptances Racal had received by Monday night to see if it justified Sir Ernest's comments.

Under the takeover code no statements may be made by the bidder or its advisers about the level of acceptances unless an immediate public announcement is made.

"You are not allowed to say: '*We have masses of acceptances*' and not give a figure," County Bank said. "We suspect they are trying to create a band wagon effect. Presumably they are only doing that because they are quite concerned."

Racal's increased offer, now worth about £179m according to its own valuation of the loan stock element, expires tomorrow. It is offering £6 worth of loan stock plus three of its own shares for every five Chubb shares. Racal held 4.99 per cent of Chubb before it announced its bid.

Racal's initial offer, launched on August 10, obtained acceptances from the holders of only 1.3 per cent of Chubb's shares. Racal then added £1 nominal to the value of the loan stock on offer taking it to£6 and valued *the loan stock at above par.*

Anglo-Scot proposals blocked

BY ALEXANDER NICOLL

DISCONTENT AMONG institutional shareholders of Anglo-Scottish Investment Trust broke into an open row yesterday when a group led by London and Manchester (*L. and M.*), *the insurance* company, said they would block reconstruction proposals put forward by *the* trust's management.

CS Investments, the managers, are seeking to reduce the *discount of the trust's market* value to net asset value by splitting it into a unit trust and two specialised investment trusts. They need a 75 per cent majority of shareholders to approve the plan at a meeting tomorrow.

L & M and other shareholders, with a combined stake of over 25 per cent, will vote against the CS proposals, thereby blocking them.

L & M, which hold 8.8 per cent, said yesterday it believed the proposals "do not represent the maximum value which could be obtained for shareholders." Instead, it is exploring other options, including complete unitisation of the trust, which has net assets of £53m. Alternative plans will be put forward by the end of November.

The attitude of Anglo-Scottish's *largest individual shareholder,* however, remained unclear. Cambrian and General Securities (C and G), a British investment trust which acts as an investment arm for Wall Street arbitrageur Mr Ivan Boesky, recently *acquired a 14.6 per cent stake* from Aspinall Holdings.

C & G's London broker said yesterday that it was "reviewing its alternatives." Although Mr Ian Henderson, L & M's investment manager, sits on C & G's board, the insurance company said yesterday that C & G was not among the group expressing its intention to block the CS proposals.

Mr Eric Crawford, a former Gartmore director who co-founded CS in 1983—soon afterwards, Anglo-Scottish switched its management from Gartmore to CS—said yesterday: "We await any proposals that London and Manchester have with interest. We want to do the best for our shareholders."

CS argues that complete *unitisation of Anglo-Scottish* — turning it into a unit trust—is not practicable because of its unusualy high proportion of unquoted investments. Such investments may not form more than 5 per cent of a unit trust's port*folio.*

The sale of investments necessitated by a unitisation would be at prices "far below their true worth," CS says.

Gartmore in U.S and Pacific expansion

By Ray Maughan

Gartmore Investment Management, which runs funds worth over £2.2bn, has acquired a majority holding in Kingsley, Jennison, McNulty & Morse, a San Francisco firm which has some $800m under management.

At the same time, Gartmore, a 51 per cent *subsidiary of Exco* International, is opening a representative office in Tokyo to supplement the research activities in the Pacific area of its Hong Kong operations.

Gartmore has been looking for a direct holding in a fund management company for some time and is understood to have paid about $15m (£12.41m) for a majority stake in KJMM. That represents an initial cash payment which will be followe dby terms which provide that the San Francisco firm becomes a wholly-owned subsidiary in the future.

Mr Adrian Collins, managing director of Gartmore Investment said yesterday that there would be some cross-fertilisation of investment ideas between KJMM and Gartmore's fund managers. This would apply particularly to the U.S. input on stock selection and awareness of the "due diligence" process, while the U.S. managers would accept that London funds are run on a longer term view and incorprate venture capital investment.

The new Tokyo representative *office will be run by Mr Antony* Craggs, formerly an English lecturer at Nagoya University in Japan, who is transferring from the Hong Kong office.

Lotus lures motor companies

Mr David Wickins, chairman of Group Lotus, said yesterday the group would like other companies in the motor industry to buy the 20 per cent holding to be sold by the family of its late founder, Mr Colin Chapman.

"They could use us as their research and development departments in certain aspects," he said at the Motor Show. Mr Wickins' British Car Auctions has 25 per cent of Lotus, Toyota 17 per cent and Midepsa, the BCA/Hawley investment arm, 14 per cent.

BET buys UBM scaffolding arm

BY CHARLES BATCHELOR

British Electric Traction (BET), construction, transport and cleaning group, is to acquire the scaffolding arm of UBM Group, builders' merchants, for £5.8m cash in a deal which strengthens BET's position as number two in the British scaffolding business.

UBM Scaffolding will bring £10m worth of turnover to the £65m already carried out by BET Access, scaffolding and access subsidiary of BET Plant Services.

A trading profit of £1.1m is forecast for UBM Scaffolding in the year ending February 1985. It has 26 depots in the UK, most of them in southern England and nearly 600 employees.

This purchase will give BET Access a total of 70 depots around the UK.

The leading UK company in the plant hire and scaffolding business is SGB Group with turnover in its last full year ended September 1983 of £180m—much of it overseas.

UBM has sold its scaffolding business only days before the October 19 deadline when Norcros, industrial holding group, is *permitted to renew its* bid for UBM. Norcros still holds 38 per cent of UBM's shares after its £78m offer of last October failed.

UBM does not believe the sale of its scaffolding interests, which formed only a small part of a group with 1983-85 turnover of £321m, will have any impact on the likelihood of Norcros renewing its bid.

Mr Bill Otley, finance director of UBM, said: "We have been reviewing what part we were going to play as the sixth largest company in a scaffolding industry which is becoming concentrated into large groups.

Gordon & Gotch agrees terms for £6m takeover

BY CHARLES BATCHELOR

The Herald and Weekly Times (HWT), an Australian media *group* based in Melbourne, Victoria, yesterday unveiled a £6.4m agreed cash bid for Gordon & Gotch Holdings, a UK group engaged in the export of newspapers, magazines and books.

HWT, which is making its offer through a newly-formed company called Falconworld, has already obtained undertakings from the holders of 55.17 per cent of the Gotch equity to accept the offer. HWT is offering 140p cash for every Gotch share, which rose 48p yesterday to the level of the bid.

The Australian group publishes newspapers, books and magazines and has television, broadcasting and investment interests in Australia.

Apart from Gotch's export business HWT is interested in its freight forwarding and computer operations.

Gotch reported a fall in pre-tax profits for the year ended March 31 1984 to £822,000 from £1.13m the year before. The offer document disclosed that Gordon and Gotch Limited, a publicly quoted Australian group and CNA Gallo, a South African company, both major shareholders of Gotch, would only continue trading with Gotch after April 1985 if it offered improved trading terms. This would be likely to have an adverse financial effect on Gotch, *it said.*

The three major shareholders —owning 55.17 per cent—which have accepted the HWT offer are CNA Gallo, Gordon and Gotch Ltd and McPhersons Finance, an Australian group.

SECTION III – INTERNATIONAL MARKETS
FINANCIAL TIMES
Wednesday October 17 1984

Christmas butter sale seen as political, Page 44

WALL STREET

Restraint on enthusiasm re-emerges

A FIRM tone remained on Wall Street markets yesterday as the other major banks followed the lead from Bankers Trust and trimmed their prime lending rates, *writes Terry Byland in New York.*

The stock market's enthusiasm, however, was dampened by weakness in oil stocks after Norway's price cut and by Citicorp's decision, mirrored by other money centre banks, to cut prime by only ¼ point to 12½ per cent – Bankers Trust on Monday cut its rate by ½ point to 12¼ per cent.

Stock prices began to weaken at midsession, and although a steadier tone appeared towards the close, losses remained scattered among the blue-chip issues.

The Dow Jones industrial average, which had dipped below 1,200 at midsession, ended a net 5.19 points down at 1,197.77. Turnover at 88.2m shares was moderate.

Credit markets looked subdued amid the auction of $5.5bn in seven-year notes by the U.S. treasury, representing the opening salvo in the $42.3bn federal funding broadside programmed for the next four weeks.

The Treasury funding schedule could provide a significant test of market strength. The sheer weight of money to be drawn out may force bond market yields higher, offsetting the easing in rates at the short end of the scale. But some analysts believe that investors' perceptions of inflation prospects have already changed and that there will be ready demand for the new issues at or near current bond yields.

The stock market continued to absorb the heavy flow of corporate results, with banks, pharmaceutical, defence and high technology leaders all to the fore yesterday. Donaldson Lufkin Jenrette, first of the market traders to report, slipped by $⅛ to $22⅛ although earnings steadied in the third quarter.

Citicorp was the dull spot in banks, lower by $⅛ to $36⅝ after announcing poorer net profits. Bankers Trust, reporting increased net earnings, added $¼ to $52⅞, and Mellon Bank put on $¾ to $42½ despite faltering profits.

Pharmaceuticals, weak recently because of price-cutting and a strong dollar, held steady after results from Merck, $½ up at $82; Eli Lilly, unchanged at $59⅝; and Upjohn, $1¼ ahead at $56.

But oil stocks weakened after Norway's cut in its North Sea oil price cast doubts over other world prices. Philips Petroleum, a major North Sea participant, dipped $1¼ to $39½. At $49½, Atlantic Richfield shed $1⅛, and Exxon lost $⅝ to $44⅞. A major casualty was Schlumberger, the oil search equipment leader, which fell $1⅝ to $43¾ on heavy turnover.

Also holding the market back was the computer sector, where Honeywell shed $⅞ to $53½ despite good results, and IBM fell $1⅛ to $120⅝. These higher-priced blue chips are the most likely to be affected by the heavy demands on institutional cash by the Treasury. Tandy, which owns the Radio Shack computer retail outfit, eased $¼ to $25¼ on lower profits. Also easier after results. Wang Laboratories dipped by $⅜ to $26¼.

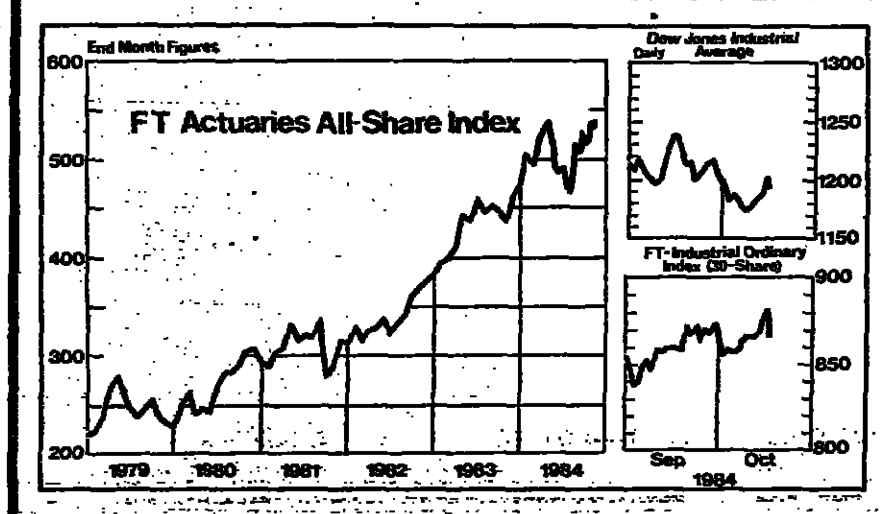
Results from the Bell Telephone groups had Nynex $⅝ better at $71⅛, Ameritech $¼ up at $74¾ and Pacific Telesis $1¼ better at $65⅞. AT&T, the former parent, traded $¼ off at $18⅛, while GTE, the largest independent telephone group, added $⅛ to $40⅞ on higher earnings.

Northrop at $34 was unaffected by results, but Caterpillar Tractor shed a further $½ to $30¼ on workforce layoffs, while Allis Chalmers weakened by $1 to $8 after a block of 1m shares was traded.

Other features included Martin Marietta, $2⅞ up at $42 on plans to sell its aluminium interests. Pepsico at $43¾ lost $⅝ after announcing trading results. B.F. Goodrich, the tyre manufacturer, shed $¼ to $22¾ despite increased earnings.

In the credit market, federal funds traded narrowly around 10½ per cent, while Treasury bills showed little change at 9.95 per cent and 10.07 per cent for three and six months respectively. The key 2014 long bond was hardly changed at 102²⁷⁄₃₂.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Oct 16	Previous	Year ago
NEW YORK			
DJ Industrials	1,197.77	1,202.96	1,263.52
DJ Transport	520.63	519.54	580.55
DJ Utilities	140.95	141.57	137.38
S&P Composite	164.78	165.77	169.86
LONDON			
FT Ind Ord	866.6	881.6	678.2
FT-SE 100	1,124.3	1,146.0	916.1
FT-A All-share	531.78	540.03	426.94
FT-A 500	576.19	586.68	463.51
FT Gold mines	549.9	554.6	538.1
FT-A Long gilt	10.50	10.37	10.55
TOKYO			
Nikkei-Dow	10,757.89	10,780.18	9,323.63
Tokyo SE	836.19	836.75	680.09
AUSTRALIA			
All Ord.	754.5	753.1	692.7
Metals & Mins.	455.5	454.1	521.6
AUSTRIA			
Credit Aktien	56.48	56.26	54.87
BELGIUM			
Belgian SE	163.05	162.83	127.61
CANADA			
Toronto			
Metals & Mins	1,993.0	1,999.8	2,437.0
Composite	2,406.0	2,404.1	2,480.7
Montreal			
Portfolio	118.45	118.23	122.36
DENMARK			
Copenhagen SE	164.04	168.25	186.56
FRANCE			
CAC Gen	180.0	181.4	141.1
Ind Tendance	115.8	116.7	89.5
WEST GERMANY			
FAZ-Aktien	371.99	370.27	328.37
Commerzbank	1,083.0	1,078.9	973.4
HONG KONG			
Hang Seng	1020.01	999.09	738.51
ITALY			
Banca Comm.	207.37	210.28	186.31
NETHERLANDS			
ANP-CBS Gen	178.5	179.5	143.3
ANP-CBS Ind	140.9	141.3	117.0
NORWAY			
Oslo SE	261.78	258.23	213.66
SINGAPORE			
Straits Times	858.61	858.79	948.46
SOUTH AFRICA			
Golds	1,002.8	1,003.8	778.5
Industrials	880.9	861.7	915.3
SPAIN			
Madrid SE	151.66	151.54	120.62
SWEDEN			
J & P	1,449.9	1,453.57	1,428.37
SWITZERLAND			
Swiss Bank Ind	374.9	373.9	342.4
WORLD	Oct 15	Prev	Year ago
Capital Int'l	182.6	181.8	161.6

GOLD (per ounce)

	Oct 16	Prev
London	$340.25	$338.75
Frankfurt	$340.25	$339.75
Zürich	$340.25	$338.75
Paris (fixing)	$339.17	$337.51
Luxembourg (fixing)	$339.90	$338.30
New York (Oct)	$338.90	$340.90

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Oct 16	U.S. DOLLAR Previous	STERLING Oct 16	STERLING Previous
$	—	—	1.2035	1.2085
DM	3.139	3.141	3.775	3.7925
Yen	248.95	249.0	299.75	300.75
FFr	9.61	9.6325	11.565	11.53
SwFr	2.568	2.5775	3.09	3.1125
Guilder	3.541	3.54	4.26	4.2775
Lira	1,932.0	1,934.0	2,332.5	2,337.0
BFr	63.4	63.45	76.3	76.725
C$	1.32655	1.32425	1.5955	1.5995

INTEREST RATES

	Oct 16	Prev
Euro-currencies (3-month offered rate)		
£	10⅝	10⅝
SwFr	5⅛	5⅛
DM	6	6
FFr	11⅛	11⅛
FT London Interbank fixing (offered rate)		
3-month U.S.$	n/a	11⅛
6-month U.S.$	n/a	11⅜
U.S. Fed Funds	10⅜	10⅜
U.S. 3-month CDs	10.65	10.60
U.S. 3-month T-bills	10.09	9.96

U.S. BONDS

	Oct 16* Price	Oct 16* Yield	Prev Price	Prev Yield
Treasury				
11⅞ 1986	100[illegible]	11.74	100[illegible]	11.74
13⅜ 1991	106[illegible]	12.37	106[illegible]	12.35
12⅜ 1994	101[illegible]	12.31	101[illegible]	12.32
12⅝ 2014	102[illegible]	12.13	102[illegible]	12.15
Corporate				
AT&T				
10⅜ June 1990	91⅝	12.55	91⅝	12.55
3⅞ July 1990	71	10.85	71	10.85
8⅝ May 2000	73	12.80	73	12.80
Xerox				
10⅞ March 1993	89⅞	12.70	89⅞	12.70
Diamond Shamrock				
10⅞ May 1993	89	12.80	89	12.80
Federated Dept Stores				
10⅞ May 2013	83⅞	12.75	83⅞	12.75
Abbot Lab				
11.80 Feb 2013	92	12.85	92	12.85
Alcoa				
12⅛ Dec 2012	93⅝	13.10	93⅝	13.10

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Dec	67-25	68-00	67-18	67-22
U.S. Treasury Bills (IMM) $1m points of 100%				
Dec	90.05	90.08	90.01	90.00
Certificates of Deposit (IMM) $1m points of 100%				
Dec	89.18	89.20	89.15	89.16
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	88.79	88.80	88.69	88.73
20-year Notional Gilt £50,000 32nds of 100%				
Dec	106-00	106-09	105-19	106-26

COMMODITIES

(London)	Oct 16	Prev
Silver (spot fixing)	603.75p	594.30p
Copper (cash)	£1,043.50	£1,040.25
Coffee (Nov)	£2,508.50	£2,477.50
Oil (spot Arabian light)	$27.95	$27.85

TOKYO

Precision issues lead a retreat

PROFIT-TAKING set in on the Tokyo market yesterday as blue-chip precision instrument shares, which had gained the previous day, dropped and investor interest returned to incentive-backed issues, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average closed at 10,757.89, down 22.29. Volume swelled from 271.80m shares to 401.99m. Losses outnumbered gains 374 to 293, with 208 issues unchanged.

Volume leaders were Nippon Steel, with 19.29m shares changing hands, and Kawasaki Heavy Industries, with 10.85m. They firmed Y1 each to Y146 and Y140 respectively.

Reflecting the previous day's sharp gain and the rise on Wall Street, share prices opened firm. But the yen's drop against the dollar rapidly cooled enthusiasm, prompting investors to offload many of the blue chips which had played a major role in pushing up the market.

Canon shed Y10 to Y1,600, Nippon Kogaku Y20 to Y1,420 and Casio Computer Y40 to Y1,730. Internationally popular blue chips dipped, with Fuji Photo Film losing Y20 to Y1,690, NEC Y30 to Y1,270 and Hitachi Y3 to Y868.

High-priced blue chips remained firm, though Sony Y50 to Y3,920, Kyocera Y90 to Y7,790 and Fanuc Y180 to Y12,650.

Among incentive-backed stocks, Mochida Pharmaceutical jumped Y800 to an all-time high of Y14,450, while KDD finished Y410 up at Y19,690. Arabian Oil also advanced Y190 to Y6,120.

Other major gainers included Hoya, Y140 up Y2,850, Metal, Y110 up at Y3,310, and Daiichi Seiyaku, Y150 up at Y2,050.

Brokers said the shift to incentive-backed issues would be only temporary. But the yen's slide against the dollar and trading by non-residents are expected to have a strong impact.

Bond prices eased as institutional investors retreated to the sidelines due to concern over high prices and the yen's decline. The yield on the 7.5 per cent government bonds due in January1993 rose from 7.06 per cent to 7.08.

The above-par bonds are losing popularity and are being replaced by the 7.3 per cent government bonds maturing in December 1993 as the benchmark issue. The yield on the latter went up from 7.085 per cent to 7.095 per cent.

AUSTRALIA

A LATE ROUND of profit-taking failed to erase early price rises in Sydney, leaving a broad range of leading mining and industrial issues higher.

The All Ordinaries index added 1.4 to 754.5 – a smaller increase than those recorded in the previous seven sessions. Turnover fell to 28.7m compared with 35.2m on Monday.

Among mining stocks, MIM advanced 8 cents to A$3, and Peko 5 cents to A$3.22. Market leader BHP was steady at A$10.30.

Takeover situations attracted attention with Brambles, the subject of sustained offer speculation, up 10 cents to A$3.60. Mayne Nickless, under offer from APM at A$3.52 a share, eased 6 cents to A$3.70.

SINGAPORE

SELECTED industrial sectors were sought during an otherwise dull Singapore session. Although rises outnumbered falls, price movements were marginal on reduced turnover.

Pahang, the most active stock, closed 1 cent lower at S$1.21 while Ben & Co lost much of the previous day's advance to finish 7 cents down at S$1.60.

Among major stocks, Malayan Banking fell 5 cents to S$8.40, while Malayan Tobacco and Sealion shared 10-cent losses at S$3.72 and S$5.25 respectively.

EUROPE

Frankfurt takes turn at peaks

IT WAS the turn yesterday of West German stocks to surmount the peak levels attained as far back as February, but this was achieved in volume already on the wane and with profit-takers making sporadic but persistent forays.

This mirrored the trend among Dutch stocks, which on Monday had returned to records. After a firm opening yesterday, though, they succumbed to selling and finished mixed with a lower bias.

Other continental centres, with attention diverted to the course of the dollar against local currencies, were unable to establish any clear trading pattern.

The **Frankfurt** summit was reached on the 100-shares FAZ index, up 1.72 to 371.99. Its narrower Commerzbank counterpart, measuring the course of 60 leading issues, put on 4.10 by its midsession daily calculation to 1,083.0 but remained 13.5 below its peak of 8½ months ago.

Banks were firm but uninspired, with rises rarely beyond DM 1. Commerzbank itself put on 70 pfg to DM 167.50. In a well supported engineering sector GHH again stood out with a DM 1.40 gain at DM 159.30, a two-day rise of DM 3.50 on its expected contract in China.

Domestic bond gains of up to 30 basis points allowed the Bundesbank to sell DM 91.1m in paper.

The failure of **Amsterdam** demand to extend much into the session caused widespread markdowns, pulling the ANP-CBS general index a point down from its high to stand at 178.5. Among the most severe was a Fl 4.90 fall in Royal Dutch at Fl 170.30 after the Norwegian crude oil cut.

The continuing reshape at Boskalis allowed it a further Fl 1.10 recuperation to Fl 13.80 – by now well off the year's low of Fl 8.80 but still leaving a vast gulf from the Fl 52 peak for the period.

Bonds were barely changed.

Paris continued a quiet retreat from its peak established earlier this month. Results clipped FFr 11 off Pernod Ricard at FFr 740 while the unsettled oil market pulled Elf-Aquitaine the same amount down to FFr 239.

Eve-of-settlement **Milan** adjustments brought a lower result but Pesenti-related companies were sought – Italmobiliare gained L460 to L56,360 and was quoted later at L57,200.

Fiat, still enmeshed in its capital increase operation, dipped L25 to L1,687, a move attributed to speculative activity.

Bonds finished mixed.

Corporate news dominated **Stockholm**. Saab-Scania was boosted SKr 15 on its results to SKr 495, while MoDo, ahead of its report, firmed SKr 5 to SKr 308. Sonesson and Gambro were suspended.

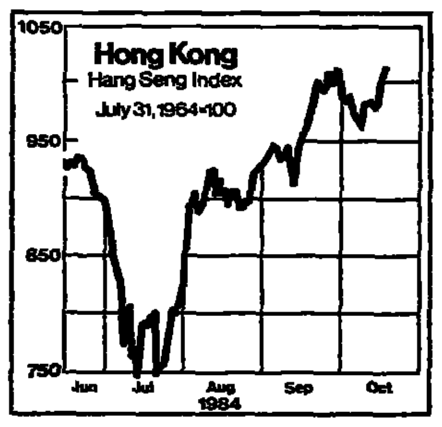
Copenhagen meanwhile gave Novo another thumping, down DKr 195 to DKr 1,440 – its reduced sales forecast bringing a two-session slide of DKr 465, or approaching 25 per cent.

Banks in **Zurich** held barely steady, but chemicals were firm, taking Sandoz SwFr 75 higher to SwFr 7,025. Paper makers drew sustenance from domestic demand, with Cham SwFr 10 up at SwFr 310.

Bonds, thinly dealt, ended mixed.

Petrofina in **Brussels** was another to be set back by the oil price upset, losing BFr 70 to BFr 7,750. Retailer Delahize leapt BFr 220 to BFr 5,990, albeit in a thin market, on an appreciation of its U.S. assets.

Madrid managed small gains.



HONG KONG

FOREIGN institutions reinforced local buying interest in Hong Kong to propel the Hang Seng index back through the 1,000-point barrier with a 20.92 rise to 1,020.01.

The index reached a five-month high, leading some market analysts to believe that the market had completed its consolidation phase.

The trend towards lower U.S. interest charges, which was seen as a possible signal for domestic rates, coupled with higher general economic confidence in Hong Kong, inspired the advance.

Property and banking stocks were keenly sought and led the across-the-board advance. Cheung Kong gained 30 cents to HK$8.45, Hongkong Wharf 15 cents to HK$4.10 and Hongkong Land 5 cents to HK$3.175.

Among other leaders, Hutchison Whampoa rose 50 cents to HK$13.40, Jardine Matheson 35 cents to HK$7.80 and Swire Pacific 10 cents to HK$18.30.

LONDON

Despondent tone follows pit impasse

DESPONDENCY spread in London yesterday in the wake of a further deterioration in sterling and the collapse of talks aimed at settling the protracted British miners' strike.

Government securities fell by up to 1½ points, and the FT index of 30 leading industrial shares slipped 15.0 to 866.6. The prospect of escalating action by the mining unions put dealers on the defensive from the opening bell. Leading shares were marked down, some by double-figure amounts, in order to deter potential selling. Gilts also opened sharply lower.

The oil sector was hard hit by the revived pressures on North Sea crude oil prices. Shell and Britoil shared 18p falls to 635p and 210p respectively, while BP dropped 20p to 465p.

Other leading equities found little comfort from the cuts in U.S. prime lending rates. Among these, ICI fell 14p to 672p and Glaxo 13p to 950p.

The market for gilt-edged stocks derived scant encouragement from lower than expected public sector borrowing requirement figures for last month. A mild recovery was staged but was short-lived.

Chief price changes, Page 38; Details, Page 39; Share information service, Pages 40–41

SOUTH AFRICA

ALTHOUGH the bullion price held its ground, gold shares closed mixed in easier trading in Johannesburg, with falls holding a two-to-one advantage over gains.

Losers included FS Geduld, down R1.50 to R53.50, Zandpan, 50 cents off at R17.50 and Vlakfontein, 20 cents lower at R3.20.

De Beers rose 4 cents to R8.72, Impala Platinum 15 cents to R23.35 and Anglo American Gold R2 to R164.50. Industrials closed largely unchanged.

CANADA

MILD SELLING pressure continued to steer the course of trading in Toronto, with oil and property stocks the major losers.

Gold stocks were moderately lower in a weaker mineral section. Trading in Montreal was more stable, although turnover was thin.

Closing prices, October 16

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	13¾	AAR	.48	2.2	22	59	22½	22¼	22¼	
22	13½	AMCA	n	1	65	1	15⅞	15⅞	15⅞	-⅛
18⅞	13⅛	AMF	.50	2.9	157	671	17½	16⅞	17¼	+⅛
51½	42⅝	AMF	pf4.32e	8.5		10	51	51	51	+¼
41¼	24¼	AMR			4	4366	29¼	28¼	28¼	-¼
20⅞	18¼	AMR	pf2.18	11.		7	19⅞	19⅝	19⅝	
41½	27½	AMR	pf2.13	7.0		20	31⅛	30⅝	30½	-½
25½	22⅝	ANR	pf2.67	11.		7	23⅝	23⅝	23⅝	
23	19	ANR	pf2.12	11.		2	19⅝	19⅝	19⅝	
16¼	8½	APL			4	28	13⅝	13½	13⅝	+⅛
67⅞	40¼	ARA	2.10	3.1	14	724	67¼	67½	67½	-¼
69¾	44¼	ASA	3a	5.3		287	56⅝	56¼	56⅜	-⅛
30⅛	16½	AVX	.32	1.7	12	117	19¼	18⅝	19⅛	+¼
52½	36¼	AbtLab	1.20	3.0	12	3254	40¼	39⅝	39⅝	-½
35⅛	23¼	AccoWd	.66	2.2	18	17	30½	30½	30½	-¼
27¼	12⅞	AcmeC	.40	2.7		138	15¼	14⅝	15	+¼
12⅞	8¼	AcmeE	.32b	3.1	16	19	10⅜	10¼	10⅜	-⅛
24¾	11	AdmDg	.04	.2	13	101	24⅜	24⅛	24⅛	
18⅞	15	AdaEx	2.11e	13.		441	16⅜	16⅛	16⅜	
18⅝	11⅞	AdmMl	.28	2.0	9	16	14¼	14⅛	14⅛	-⅛
22	13½	AdvSys	.81t	4.7	16	68	17⅛	16⅝	17⅛	-⅛
41⅞	25⅞	AMD			15	3211	35⅝	34⅝	35	-⅝
14⅝	7⅞	Advest	.12	1.4		61	8½	8⅜	8⅜	
17⅞	9⅝	Aeroflex			11	72	11⅝	11½	11½	+⅛
39	27¼	AetnLf	2.64	7.5	32	917	35½	35	35	-½
58¾	52⅞	AetL	pf5.73e	11.		516	54½	53¾	54	+¼
34½	15¼	Ahmns	1.20	5.2	6	1634	23	22⅝	22⅞	+⅛
5½	2⅞	Aileen				19	2⅞	2⅞	2⅞	

Continued on Page 37

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 38

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 36

X–Y–Z

12 Month High	Low	Stock	Div. Yld. P/E	Sls 100s	High	Low	Close
21	16½	Wynns	60 3 3 3	24	18	17½	18
53⅞	33½	Xerox	3 8.2 10	1466	37⅛	36⅝	36⅞
51⅛	45¾	Xerox	pf5 45 11	12	47½	47½	47½
37	19	XTRA	2 4 9	97	26¾	26½	26⅝
33⅞	24	ZaleCp	1 32 4 8 9	23	26⅞	26⅝	25⅞
24⅞	15¼	Zapata	84 4 7 13	1038	18⅝	18	19
48	28¾	Zayre	40b 9 13	302	46	45½	46
38⅝	20	ZenithE	10	759	25⅝	25½	25⅞
27⅞	18	Zero	36 1 6 76	6	22⅛	22½	22¼
34	21½	Zumin	1 32 5 6 12	73	23⅞	23⅝	23½

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. *Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only.* Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

Oct. 16	Price Sch%	+ or —
Creditanstalt	311	+3
Goesser	326	—2
Interunfall	385	
Laenderbank	211	
Perlmooser	353	+2
Steyr-Daimler	148	
Veitscher Mag	242	

BELGIUM/LUXEMBOURG

Oct. 16	Price Frs.	+ or —
B.B.L.	1 845	+25
Bekaert B	4,800	—15
Ciment CBR	2,730	+35
Cockerill	285	—1
Delhaize	5,890	—220
EBES	2,860	
Electrobel	6,130	
Fabrique Nat	2,120	+20
GB Inno BM	3,420	+20
GBL (Brux)	2,345	—5
Gevaert	3,675	+20
Hoboken	5,900	
Intercom	2,150	—5
Kredietbank	7,500	
Pan Hldgs	10,250	
Petrofina	7,750	—80
Royale Belge	9,600	+80
Soc. Gen. Banq	3,205	+65
Soc. Gen. Belge	1,835	
Sofina	7,450	+80
Solvay	4,575	—5
Stanwick Intl.	1,500	+20
Tractionel	4,120	
UCB	5,400	
Wagon Lits	2,520	

DENMARK

Oct. 16	Price Knr %	+ or —
Andelsbanken	252	
Baltic Skand	630	—15
CopHandelsbank	257	—3
D. Sukkerfab	575	
Danske Bank	251	
De Danske Luft	990	
East Asiatic	175	—1
Forenede Brygg	565	—180
Forenede Damp.	97	—1
GNT Hldg	362	—31
I.S.S.B.	410	
Jyske Bank	475	
Novo Ind.	1,440	—195
Privatbanken	230	—3
Provinsbanken	311	—3
Smidth (F)	220	—3
Sophus Berend	875	

FRANCE

GERMANY

Oct. 15	Price Dm.	+ or —
AEG-Telef	10,82	—2.1
Allianz Vers	1053	—2
BASF	171.6	+2.8
Bayer	182	—1.2
Bayer-Hypo	295.5	—1.6
Bayer-Verein	329.5	+2.5
BHF-Bank	269	+1.5
BMW	386	—1
Brown Boveri	197	—1
Commerzbank	167.5	+0.7
Cont'l. Gummi	125.5	+0.4
Daimler-Benz	590	—1.5
Degussa	375	—4
D'sche Babcock	160	—0.5
Deutsche Bank	370.5	+0.5
Dresdner Bank	169.8	+0.3
GHH	159.3	+1.6
Hochtief	475	
Hoechst	184	+0.1
Hoesch Werke	106	+1.6
Holzmann (P)	380.0	
Horten	170	+1
Hussel	273.5	+0.5
Karstadt	253	—1.3
Kaufhof	224	+1
KHD	249	—3.5
Kloeckner	65.2	+0.5
Linde	385	—1
Lufthansa	150	—3.5
MAN	156.9	+0.9
Mannesmann	156	+2
Mercedes Hld	520.5	—1.3
Metallgesell	220	—0.1
Munech Rueck	11,70	—35
Nixdorf	538	—2
Porsche	1,056	—2
Preussag	260.2	+0.4
Rhein West Elect	162.5	—0.8
Rosenthal	248.5	+3.5
Schering	398.2	—3.6
Siemens	449.7	—1.8
Thyssen	77.8	—0.6
Varta	171.2	+1.2
Veba	170.5	—0.5
V.E.W.	120	
Verein-West.	286	+1
Volkswagen	188.5	+0.2

ITALY

Oct 16	Price Lira	+ or —
Banca Com'le	15,820	—80
Bastogi-IRBS	105.5	3.75
Centrale	3560	—40
Credito Varesino	3560	—40
Fiat	1687	—25
Finsider	52.25	—2.5
Generali Assicur.	29070	—930

NETHERLANDS

NORWAY

Oct. 16	Price Kroner	+ or —
Bergens Bank	146	+1
Borregaard	292.5	+22.5
Christiania Bank	148	+6
DenNorske Cred	151	+4
Elkem	115	+7
Kvaerner	—	
Norsk Data	330	—4
Norsk Hydro.	125.5xa	—45
Storebrand	176	

SPAIN

Oct. 16	Price Pta%	+ or —
Bco Bilbao.	363	
Bco Central	368	+5
Bco Exterior	221	
Bco Hispano	247	—1
Bco Popular	411	+6
Bco Santander	340	+4
Dragados	173	—4
Hidrola	78.5	—0.5
Iberduero	87.5	—1
Petroleos	160	—2
Telefonica	100	

SWEDEN

Oct. 16	Price Kronor	+ or —
AGA	347	
Alfa-Laval	178	
ASEA (Free)	355	—2
Astra (Free)	368	—7
Atlas Copco	103	—1
Boliden (Free)	180	—185
Cardo (Free)	247	+1
Cellulosa	124	—2
Electrolux B	239	—1
Ericsson	341	—1
Esselte	305	
Mo Och Domsjo	306	+5
Pharmacia	204	—1
Saab Scania Free	495	+15
Sandvik	395	
Skandia	320	+12
Skan Enskl'da	63	—1
SKF	160	—2
St Kopparbergs	185	
Sven Handlesbn.	171	—1
Swedish Match	245	+3
Volvo B (Free)	239	—2

SWITZERLAND

Oct. 16	Price Frs.	+ or —
Alusuisse	736	+11
Bank Leu	3,630	+30
Brown Boveri	1,325	—10
Ciba Geigy	2,460	
do. (Part Certs)	1,935	+15
Credit Suisse	2,230	—10
Elektrowatt	2,470	
Fischer (Geo.)	633	+5
Genevoise	3,450	—50

AUSTRALIA

AUSTRALIA (continued)

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

CANADA

TORONTO

Closing prices October 16

MONTREAL

Closing prices October 16

OVER-THE-COUNTER

Nasdaq national market, closing prices

Continued on Page 46

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES		
Britan Arrow	80	+ 5
British Land	138	+ 5
Gordon & Gotch	148	+18
Ibstock Johnsen	280	+ 5
Ladbroke	207	+ 5
Muirhead	182	+20
Jackson Expl'	88	+ 5

FALLS		
Ex. 12pc '99/02	£108¼	—£1½
Tr. 2pc 11 '88	£106½	—£1¼
Air Call	383	—47
AB/Ports	185	—11
BTR	478	— 9
Beecham	357	—10
Cradley Print	38	—11
Diploma	450	—23
Dowty	175	— 8
Glaxo	950	—13
GUS	623	—10
Hawker Sidd	448	—12
ICI	672	—14
Kleinw. Benson	325	—10
MFI	183	— 6
M & S	115	— 4
Thorn EMI	425	— 8
BP	465	—20
Britoil	210	—18
Carless Capel	180	— 7
Eglinton O&G	50	—10
Saxon Oil	350	—30
Shell Trans	635	—18

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 37

LONDON STOCK EXCHANGE

MARKET REPORT

Despondency follows collapse of miners' talks and pound's fall to record low

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Oct 1	Oct 11	Oct 12	Oct 22
Oct 15	Oct 25	Oct 26	Nov 5
Oct 29	Nov 8	Nov 9	Nov 19

* "New-time" dealings may take place from 9.30 am two business days earlier.

Sliding values summarised the depressed state of the London stock market scene yesterday. The collapse of the Acas talks aimed at resolving the protracted miners' dispute coupled with a fresh deterioration in sterling and oil price worries caused widespread despondency. Government securities fell by 1½ points and the FT index of 30 leading industrial shares slipped 15 points to 866.6, after 865.4. The FT-SE 100-share index dropped 21.7 to 1,124.3.

The prospect of escalating action by the mining unions put dealers on the defensive from the opening bell. Leading shares were marked down savagely, some by double-figure amounts, in order to deter potential selling. Gilt-edged prices also opened sharply lower.

The manoeuvre was successful in that few institutional investors showed any inclination to reduce their investment portfolios, but some private clients became nervous. The ensuing offerings took a further toll on prices which, despite intermittent attempts to recover, often settled at the session's worst.

The Oil sector was hard hit by the revived pressures on North Sea crude oil prices. Leading issues sustained falls stretching to 20 as in the case of British Petroleum, at 465p, while Shell dropped 18 to 635p and Britoil a like amount to 210p. Double-figure losses were commonplace among other leading equities which derived little encouragement from news of further U.S. Prime lending rate cuts.

Similarly, the market in Gilt-edged stocks found little comfort in last month's slightly lower-than-expected PSBR figure. A recovery was staged in this area, but it was short-lived and longer-dated quotations closed with losses ranging to 1½ points. Recently-buoyant index-linked issues suffered the same fate and the early-dated Treasury 2 per cent 1988 dropped 1½ points to 106¼.

CU dip & rally

Commercial Union, down to 180p in the early stages, rallied smartly to close 2 better on balance at 187p; speculators were still hoping for a bid from Allianz, or the sale of CU's U.S. interests. Other Composites, however, gave up a fair portion of Monday's press-inspired gains. Royals dropped 8 to 492p, while General Accident, 495p, and Sun Alliance, 395p, lost 5 apiece.

Clearing banks mirrored the general trend. NatWest fell 12 to 535p, and Lloyds 7 to 493p, while Barclays and Midland gave up 5 at 513p and 347p respectively. Merchant banks were notable for a fal of 10 in Kleinwort Benson to a new low for the year of 325p. Mercury Securities slipped 7 to 413p and Minster Assets declined 3 to 168p. Unsettled last week by the launch of a twin issue of domestic bonds, totalling FFr 2.2bn, Compagnie Bancaire rallied 1¼ points to £49.

Iceland Frozen Foods staged a sparkling market debut despite the surrounding gloom; the shares opened some 84p above the offer-for-sale price of 210p and, in active trading, moved up to 325p prior to closing at 318p.

Losses among leading Buildings were generally modest and several secondary issues managed to buck the trend. Brick concerns fared well on comment about falling stocks and rising prices. Ibstock Johnsen, a particularly firm counter last week following excellent interim results, drew fresh support and gained 5 to 280p, after 283p, while Baggeridge Brick rose 4 to 190p. Elsewhere, UBM gained the turn to 167p on news of the sale of its scaffolding division to BET for £5.8m cash. Satisfactory interim figures helped Walter Lawrence harden a couple of pence to 218p, while comment on the annual results left Bryant Holdings a penny dearer at 65p. Demand in a market short of stock lifted Marchwell 6 to 232p. In contrast, William Leech shed 8 to 117p as bid hopes faded and Meyer International, also mentioned as a possible takeover candidate, eased 3 to 124p. Increased interim profits and an optimistic statement failed to sustain Feb International A, a couple of pence off at 90p.

ICI, having attained a 1984 peak of 688p on Monday, opened lower at 680p and fell away to close a net 14 down at the day's worst of 672p. Coalite came under pressure following the NUM's decision to stop coal deliveries to its Askern plant near Doncaster and the close was a net 8 down at 175p. Novo Industries B shed 2 points for a two-day fall of 6¾ to £20¼ following the company's downgrading of sales growth estimates.

Stores react

Leading Retailers succumbed to the general malaise and, although most finished a few pence above worst levels, falls extended into double-figures. Sentiment was further unsettled by the view that the provisional estimate of retail sales, announced on Monday, was pitched unrealistically high. Recent favourite Gussies A dipped to 619p before settling 10 lower on balance at 623p, while Woolworth shed 8 at 532p. Losses of 4 were common to Marks and Spencer, 115p and House of Fraser, 284p, while British Home, due to reveal interim figures today, gave up 3 to 231p. MFI came on offer at 183p, down 6, and Currys fell 10 to 404p. Dixons, on the other hand firmed a few pence to 303p.

Thorn EMI, 8 down at 425p, led the retreat of the leading Electricals. GEC lost 6 and Plessey gave up 4 to the common level of 222p. Elsewhere, AirCall plummeted 47 to 383p on acute disappointment with the static interim profits performance. MK fell 8 to 285p and United Scientific gave up 10 at 220p. By way of contrast, Muirhead jumped 20 to 162p, after 166p, on a resurgence of speculative support in a thin market. Following completion of the acquisition by SCUSA or Holmes Protection of the U.S., dealings were resumed in Security Centres and its quoted American subsidiary SCUSA; the former, suspended in August at 290p, returned at 270p and dropped to 250p before rallying to close at 270p. Formerly a USM concern, SCUSA opened at 117p, compared with the suspension price of 105p, and closed at 107p.

Profit-taking ahead of today's interim results left Hawker 12 down at 446p. Elsewhere in Engineerings, Dowty, 8 down at 175p, became particularly unsettled by the fresh impasse in the miners' dispute, while falls of around 5 were seen in Davy Corporation, 78p, Evered, 135p, Spear and Jackson, 136p, and Victor Products, 90p.

Falls among the Food leaders were generally modest, but Associated Dairies shed 6 to 180p and current takeover favourite Rowntree Mackintosh lost the same amount at 342p.

Ladbroke rose 5 to 207p on news that London and Leeds, the group's property arm, had sold 50 per cent of its Manhattan Tower development in New York to Sumitomo Group of Japan.

Beecham dull

Miscellaneous industrial leaders failed to recover from an early mark-down and closed with falls ranging to 13. Glaxo lost that much at 950p, while Beecham fell 10 to 357p. BTR dipped 9 to 478p and BOC 6 to 239p. Among secondary issues, hopes of a bid from C.H. Beazer pushed Bath and Portland up 4 more to 218p. Crest Nicholson found support at 81p, up 4, and Stainless Metalcraft gained 5 to 75p. The failure of the miners' talks depressed Associated British Ports which closed 11 down at 185p. Eastern Produce, at 287p, lost 13 of Monday's gain of 20¼, while falls of 8 and 9 respectively were recorded in Christies International, 420p, and British Aerospace, 368p. Dobson Park dipped 4 to 72p and Pentland, on the absence of the absence of the widely rumoured bid, fel 8 to 242p.

Investors continued to display enthuisasm for Jaguar which advanced 3 more to 206p with dealers citing the weakness of sterling as a contributory factor.

Publishers showed modest gains throughout the session and provided a bright spot in Gordon and Gotch which rose 18 to 140p following the cash offer from Falconworld, a newly-formed UK subsidiary of the Herald and Weekly Times of Australia. In sharp contrast, Cradley Print slumped 11 to 38p after revealing sharply reduced in preliminary profits. Takeover speculation continued in DRG despite the continuing absence of any hard business before settling a net 2 to the good at 183p.

The Property leaders drifted lower after meeting with sporadic selling. Land Securities settled 5 off at 304p and MEPC 4 cheaper at 320p. Peachey finished 4 down at 233p, after 320p, despite slightly better-than-expected annual results and higher net asset value. An isolated bright was provided by British Land which rose 5 to 138p on news of the acquisition of Rank City Wall, a major property investment company with gross property assets of £93.5m, from Rank Organisation for approximately £68m. Elsewhere, recently-firm Marler Estates shed 5 to 117p and Daejan slipped a couple of pence to 318p. Five Oaks hardened 4 to 28½p on the return to profitability. Dealings in USM-quoted Tops Estates were restored following the granting of permission to trade in the ixisting shares, new shares and the 7¼ per cent Convertible loan stock; the new shares closed at 81p compared with the placing price of 71p, while the new nil-paid shares settled at 10p premium. The 7¼ per cent Convertible opened at £101 and moved up to £109.

Britannia Arrow advanced 5 to 80p amid fresh takeover speculation; the shares were active las. week on talk that a major stake had changed hands.

Heavy falls in oils

In belated reaction to Monday's news of an effective crude oil price cut by Norway's Statoil, leading oils were marked down sharply at the outset and continued to slide on fears of possible cuts in official BNOC prices for North Sea oil. A rally developed in mid-morning but this quickly ran out of steam and prices fell back to close only a couple of pence above the day's lowest levels.

The big North Sea oil producers were particularly weak with BP finally 20 lower at 465p, after 463p, and Shell 18 down at 635p, after 633p. Britoil dropped a like amount to 210p, after 205p, and LASMO dipped 15 to 308p, after 303p.

The takeover struggle between Carless Capel and Premier Consolidated flared again as Carless increased its offer from a straight share exchange to one ofshares and convertible loan stock. Carles then moved into the market and purchased 21m Premier shares at 69p, thereby increasing its holding to just below 15 per cent. Premier settled 3 better at 68p but Carless came back to close 7 lower at a 1984 low of 180p.

Among secondary stocks Hunting Petroleum gave up 6 at 126p in the wake of halved interim profits, but Jackson Exploration added 5 at 88p on news that Phillips Petroleum has farmed into Jackson exploration acerage off the coast of Brunei—the third such deal that Jackson has struck in the past few weeks. Recently-beleaguered Eglinton Oil remained friendless and slumped 10 more to a 1984 low of 50p, still reflecting the latest drilling failure in Colombia. Bryson dipped 5 to 205p.

A batch of company trading statements enlivened proceedings in Overseas Traders. Harrisons and Crosfield dipped 7 to 423p despite announcing first-half profits well in excess of market estimates, but Paterson Zochonis hardened a couple of pence to 140p after annual figures.

Plantations were irregular. Recent high-flyer Anglo-Indonesian eased 2 to 215p in front of tomorrow's half-timer, but Kuala Lumpur Kepong, 87p, and Inch Kenneth, 700p, advanced 4 and 25 respectively. Teas highlighted Moran which jumped 100 to 750p in an extremely limited market.

Currency fluctuations continued to play a major role in South African golds. The renewed strength of the dollar brought further pressure to bear on the South African Rand and numerous Continental currencies which stifled demand for shares from those dealing centres. London operators showed a marked lack of interest and consequently prices drifted easier to close with a majority of small losses. Bullion was marginally higher reflecting the prime rate cuts by numerous U.S. banks, but its firmness failed to inspire any enthusiasm for gold shares.

Australians drew further strength from the gains on Sydney and Melbourne markets overnight but failed to register any further prgoress. Peko-Wallsend put on 8 to 358p, Western Mining rose 4 to 219p and Bougainville added a couple of pence at 124p. MIM Holdings edged up to 204p initially but encountered selling to close a net 2 off at 196p following the substantial first quarter loss.

Lower equity values failed to deter demand for call options and 4,040 were transacted out of a total of 5,296 contracts. Much of the day's activity again centred on Jaguar positions which attracted 1,144 calls, 425 in the December 160s. GEC recorded 394 calls, most of which were struck in the October 220s, while BP attracted 310 calls and 109p. The FTSE 100 accounted for 349 calls and 259 puts.

FINANCIAL TIMES STOCK INDICES

	Oct. 16	Oct. 15	Oct. 12	Oct. 11	Oct. 10	Oct. 9	Year ago
Government Secs	80.22	80.88	80.96	80.46	80.70	80.76	81.23
Fixed Interest	84.28	84.66	84.94	84.50	84.52	84.71	84.51
Industrial Ord	866.6	881.6	878.0	870.6	866.8	866.8	678.2
Gold Mines	549.9	564.8	548.0	556.2	565.9	557.6	538.1
Ord. Div. Yield	4.90	4.81	4.83	4.86	4.88	4.88	4.99
Earnings, Yld.% (full)	11.69	11.48	11.53	11.60	11.65	11.66	9.89
P/E Ratio (net) (*)	10.28	10.44	10.40	10.34	10.29	10.29	12.66
Total bargains (Est.)	20,580	21,001	15,611	18,768	18,845	19,422	21,704
Equity turnover £m.	—	263.24	405.64	386.43	378.67	259.51	157.3
Equity bargains	—	20,277	20,110	18,703	16,480	16,609	14,282
Shares traded (ml)	—	148.6	267.2	265.2	258.8	141.4	101.6

10 am 867.6. 11 am 868.8. Noon 867.0. 1 pm 866.2. 2 pm 865.4. 3 pm 865.6.

Basis 100 Govt. Secs. 15/2/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026. Nil=9.85.

HIGHS AND LOWS

	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	83.77 (9/1)	76.72 (30/7)	127.4 (9/1/35)	49.48 (3/1/75)
Fixed Int.	87.48 (14/3)	80.43 (30/7)	155.4 (28/11/47)	50.03 (31/1/75)
Ind. Ord.	922.8 (5/5)	755.3 (23/7)	922.8 (5/5/84)	49.4 (26/6/40)
Gold Mines	711.7 (9/8)	465.7 (1/6)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Oct. 15	Oct. 12
Daily Gilt Edged Bargains	200.4	134.3
Equities Bargains	131.4	130.5
Value	532.1	820.3
5-day Average Gilt Edged Bargains	154.1	147.3
Equities Bargains	116.8	111.
Value	685.5	676.5

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	—	103	—
Corpns. Dom. and Foreign Bonds	2	40	38
Industrials	160	467	784
Financial and Props	78	141	308
Oils	14	51	62
Plantations	5	3	18
Mines	46	46	88
Others	96	44	58
Totals	401	895	1,348

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
BP	465	−20
Britoil	210	−18
Commercial Union	187	+2
DRG	183	+2
Eglinton Oil & Gas	50	−10
Enterprise Oil	182	−8
Iceland Frozen Foods†	318	—
ICI	672	−14
Jaguar	206	+3
LASMO	308	−15
Lucas Inds	238	−3
Shell Transport	635	−18

† New

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of price changes	Mon. close	Day's change
DRG	18	180	—
GUS "A"	14	633	+18
Hawtal Whit'gt	14	215	—
Kent (M. P.)	13	74	+7
RTZ	13	672	+17
Rwntree Mack	13	348	+10
Shell Trans	13	653	+4
Burmah Oil	12	205	+5
Cmb & Gen Cp	12	241	+3
Lucas Inds	12	241	+13
Bath & Prtlnd	11	214	+21
BP	11	485	[illegible]
De Beers Dfd	11	405	[illegible]
T. & S. Stores†	11	98	[illegible]

† New

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Oct 8	Oct 19	Jan 10	Jan 21
Oct 22	Nov 2	Jan 24	Feb 4
Nov 5	Nov 16	Feb 7	Feb 18

For rate indications see end of Share Information Service

Stocks favoured for the call included Thomson T-Line, L. D. & S. Rivlin, Carlton Communications, Spargos, Polly Peck, Energy Capital, Combined Technologies, Boots, Inter-City, Jaguar, London and Scottish Finance, John Brown, Petranol and Celtic Haven. No puts were reported, but a double was arranged in Polly Peck.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues Oct 16 1984 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	Mon Oct 15 Index No.	Fri Oct 12 Index No.	Thur Oct 11 Index No.	Wed Oct 10 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (205)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 Building Materials (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Contracting, Construction (30)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Electricals (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Electronics (34)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Mechanical Engineering (62)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9 Motors (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Other Industrial Materials (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 CONSUMER GROUP (189)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Brewers and Distillers (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27 Health and Household Products (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29 Leisure (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Newspapers, Publishing (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33 Packaging and Paper (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (46)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
39 Other Consumer (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 OTHER GROUPS (89)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Office Equipment (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping and Transport (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Miscellaneous (50)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (483)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oils (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX (500)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (118)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63 Discount Houses (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance (Brokers) (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (54)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Other Financial (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (105)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (741)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE 100 SHARE INDEX	1124.3	−21.7	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

PRICE INDICES	Tues Oct 16	Day's change %	Mon Oct 15	xd adj. today	xd adj. 1984 to date
British Government					
1 5 years	123.65	−0.37	124.34	0.25	9.69
2 5-15 years	127.16	−0.99	128.44	0.23	11.91
3 Over 15 years	133.39	−1.45	135.25	0.43	11.72
4 Irredeemables	148.97	−1.85	150.54	—	8.90
5 All stocks	126.14	−0.78	127.40	0.27	11.15
6 Debentures & Loans	106.72	−0.73	107.50	—	9.55
7 Preference	75.18	—	75.18	—	5.67

AVERAGE GROSS REDEMPTION YIELDS	Tues Oct 16	Mon Oct 15	Year ago (approx.)
British Government			
1 Low Coupons 5 years	[illegible]	[illegible]	[illegible]
2 Low Coupons 15 years	[illegible]	[illegible]	[illegible]
3 Low Coupons 25 years	[illegible]	[illegible]	[illegible]
4 Medium Coupons 5 years	[illegible]	[illegible]	[illegible]
5 Medium Coupons 15 years	[illegible]	[illegible]	[illegible]
6 Medium Coupons 25 years	[illegible]	[illegible]	[illegible]
7 High Coupons 5 years	[illegible]	[illegible]	[illegible]
8 High Coupons 15 years	[illegible]	[illegible]	[illegible]
9 High Coupons 25 years	[illegible]	[illegible]	[illegible]
10 Irredeemables	[illegible]	[illegible]	[illegible]
11 Debs & Loans 5 years	[illegible]	[illegible]	[illegible]
12 Debs & Loans 15 years	[illegible]	[illegible]	[illegible]
13 Debs & Loans 25 years	[illegible]	[illegible]	[illegible]
14 Preference	[illegible]	[illegible]	[illegible]

BRITISH GOVERNMENT INDEX-LINKED STOCKS

8 All stocks	107.97	−0.98	109.03	—	2.44	15 Inflation rate 5%	[illegible]	[illegible]
						16 Inflation rate 10%	[illegible]	[illegible]

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (78)

NEW LOWS (35)

[illegible]

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS: 30,557

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

[illegible]

Oct. 15. Total Contracts 4,342. Calls 3,356 Puts 1,006

* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984 High	1984 Low	Stock	Price £	+ or -	Int. Yield	Red. Yield
101	94½	Exch 10½pc 1987	98	-⅝	10.71	11.42
92	87	Funding 6½pc '85-87‡‡	90xd	-¼	7.22	11.15
99¾	92⅝	Treas. 10pc 1987	96	-⅝	10.38	11.62
85	81⅞	Treas 3pc 1987	83⅝	-¼	3.59	9.96
105	97¼	Treas. 12pc 1987	101xd	-½	11.86	11.54
94⅞	87	Treas 7¾pc 1985-88‡‡	90	-⅜	8.56	11.23
100¼	92	Exch 10½pc '88	96xd	-⅝	10.83	11.60
98	89	Treas 9¼pc Cv '88	94	-⅝	10.37	11.77
82	77	Transport 3pc '78-88	78⅛	-⅛	3.84	10.23
96	88	Treas. 9½pc '88	92⅞xd	-½	10.23	11.77
106¼	94	Treas 11½pc 1989	99	-⅝	11.61	11.74
95	87	Treas 9½pc Cnv. '89	93xd	-⅝	10.21	11.41
96	90	Treas 10½pc 1989	95½	-⅝	10.99	11.76
100	88¾	Exch. 10pc 1989	93	-⅝	10.69	11.78
98¼	94½	Exch 11pc 1989	97	-⅝	11.33	11.78

Five to Fifteen Years

1984 High	1984 Low	Stock	Price £	+ or -	Int. Yield	Red. Yield
85½	77½	Treas 5pc 1986-89	79⅜	-¼	6.30	10.39
112¼	100½	Treas 13pc 1990‡‡	104¾	-⅞	12.39	11.68
110⅞	100¾	Exch. 12½pc 1990	103⅜	-⅞	12.13	11.73
93¼	84⅞	Treas 8¼pc 1987-90‡‡	90½	-¾	9.41	11.23
98	90⅝	Treas. 10pcCv 1990	92⅝xd	-⅞	10.77	11.69
107	94½	Treas 11¾pc 1991	100½	-1	11.76	11.73
84½	75⅝	Funding 5¾pc '87-91‡‡	78⅝	-½	7.31	10.35
105¾	93⅞	Exch. 11pc 1991	97xd	-1	11.31	11.59
112⅝	98⅞	Treas 12¾pc 1992‡‡	105¼	-1	12.13	11.66
100⅝	96	Treas 10pc 1992	93⅞	-⅞	10.83	11.56
96⅞	94	Treas 10½pc Cv 1992	96	-⅞	11.05	11.50
111½	95½	Exch. 12¼pc '92	104½	-⅞	11.93	11.70
117½	106¼	Exch 13½pc 1992	109¾	-⅞	12.41	11.75
113⅝	98¼	Treas 12½pc 1993‡‡	108	-1	11.93	11.60
78¾	71½	Funding 6pc 1993‡‡	75¼	-⅝	8.04	10.44
127¼	106¾	Treas 13¾pc 1993‡‡	112¼	-1	12.31	11.57
126¾	108¼	Treas 14½pc 1994‡‡	118¾	-1	12.40	11.50
120⅝	106	Exch 13½pc 1994	110⅝xd	-¾	12.19	11.61
114¼	96¾	Exch. 12½pc 1994	107¼	-1	11.87	11.57
94½	82⅞	Treas 9pc 1994‡‡	86½xd	-¾	10.31	11.14
109¾	94⅞	Treas 12pc 1995	105¼	-1¼	11.71	11.55
64¼	58¾	Gas 3pc '90-95	62xd	-½	4.83	8.52
99¼	86	Exch. 10¾pc 1995	95¼	-⅞	11.06	11.44
117⅞	102⅝	Treas 12¾pc 1995‡‡	107⅜xd	-1	11.79	11.45
122⅝	106⅞	Treas. 14pc '96	118⅛	-1¼	12.20	11.59
94⅝	83½	Treas 9pc 1992-96‡‡	87¼	-1¼	10.41	11.08
134⅞	118¼	Treas 15¼pc 1996‡‡	122½xd	-1¼	12.39	11.57
122¼	106½	Exch 13¼pc 1996‡‡	110⅞xd	-1¼	11.84	11.39
69½	63¼	Redemption 3pc 1986-96	66¼	-¼	4.50	7.20
120	104½	Treas 13¼pc 1997‡‡	115¼	-1⅜	11.82	11.34
104½	87⅞	Exch 10½pc 1997	96⅝	-1¼	11.05	11.24
92½	77½	Treas 8¾pc 1997‡‡	85¼	-⅞	10.40	11.09
134⅝	118¼	Exch. 15pc 1997	122¼xd	-1¼	12.24	11.57
95½	84½	Exch 9¾pc 1998	93	-1	10.76	11.10
78	68	Treas 6¾pc 1995-98‡‡	71⅝xd	-1	7.34	10.74
138⅝	123⅞	Treas. 15½pc '98‡‡	128⅛	-1¼	12.14	11.48
115	100¼	Exch 12pc 1998	104¼xd	-1¼	11.39	11.24
96	83⅞	Treas 9½pc 1999‡‡	92⅞	-⅞	10.56	10.89
116¾	104	Exch. 12¼pc 1999	108⅛	-1¼	11.40	11.20
104½	91	Treas. 10½pc 1999	95⅞xd	-1¼	10.90	11.03

Over Fifteen Years

1984 High	1984 Low	Stock	Price £	+ or -	Int. Yield	Red. Yield
102½	89¾	Convers'n 10¼pc 1999	93½xd	-⅞	10.85	11.02
121½	106¾	Treas. 13pc 2000	117	-1⅛	11.44	11.13
128½	112¾	Treas. 14pc '98-01	116⅝xd	-1	11.86	11.39
113⅝	98⅝	Exch. 12pc '99-02	108½	-1½	11.36	11.15
98⅞	90	Conv. 10pc 2002	95¼	-1¼	10.53	10.64
126¼	110¾	Treas. 13¾pc 2000-03	122¼	-1¼	11.55	11.00
114⅞	101½	Treas 11½pc 2001-04	106¼	-1¼	10.93	10.81
50	43¼	Funding 3½pc '99-04	48	-½	7.43	9.47
123⅝	107¼	Treas. 12½pc 2003-05	112¾xd	-1¼	10.97	10.77
87¼	76⅞	Treas. 8pc 2002-06‡‡	80⅝	-1	9.95	10.27
115⅝	100	Treas. 11¾pc 2003-07	110⅞	-1⅛	10.87	10.72
132¼	117⅝	Treas. 13½pc '04-08	122⅞	-1¼	11.06	10.77
64⅞	56¼	Treas. 5½pc 2008-12‡‡	59¾	-½	9.29	9.77
84¼	72⅞	Treas. 7¾pc 2012-15‡‡	80¼	-⅞	9.87	10.01
124½	108⅞	Exch 12pc '13-'17	119⅝	-1¼	10.39	10.21

Undated

1984 High	1984 Low	Stock	Price £	+ or -	Int. Yield	Red. Yield
40⅞	35⅞	Consols 4pc	39⅝	-½	10.31	—
37⅞	32½	War Loan 3½pc‡‡	36	-⅝	10.09	—
44⅞	40½	Conv. 3½pc '61 Aft.	41⅞	-½	8.39	—
31⅝	27¼	Treas. 3pc '66 Aft.	28⅞xd	-½	10.42	—
25¾	22¾	Consols 2½pc	24½xd	-½	10.29	—
26	23	Treas. 2½pc	24¾	-⅜	10.30	—

Index-Linked

1984 High	1984 Low	Stock	(b)	Price £	+ or -	(1)	(2)
108	101	Treas. 2pc '88	(297.1)	106½	-1¼	3.73	4.60
94½	85	Do. 2pc '90	(333.9)	91¾	-¼	3.88	4.52
108½	98¼	Do. 2pc '96	(267.9)	107½	-¼	3.46	3.76
99	88⅝	Do. 2½pc '01	(308.8)	97⅝	-1⅛	3.28	3.51
99¼	87⅞	Do. 2½pc '03	(310.7)	96½xd	-1¼	3.24	3.46
102	90⅝	Do. 2pc '06	(274.1)	101	-¼	3.13	3.32
99⅞	87½	Do. 2½pc '09	(310.7)	97¼xd	-1	3.05	3.23
104¼	91⅝	Do. 2½pc '11	(294.1)	103	-1	3.04	3.20
95½	82½	Do. 2½pc '16	(322.0)	94¼	-1⅛	2.99	3.12
93¼	81⅝	Do. 2½pc '20	(327.3)	91¾xd	-1⅛	2.97	3.11

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for Feb., 1984: 344.0 and for September, 1984: 355.5.

INT. BANK AND O'SEAS GOVT STERLING ISSUES

1984 High	1984 Low	Stock	Price £	+ or -	Int. Yield	Red. Yield
92¼	82⅝	Asian Dev Bk 10¼pcLn2009	88½	-1	11.67	11.80
120½	105¾	Australia 13½pc 2010	116¾	-1	11.87	11.77
104¼	93¼	Do. 11⅜pcLn2015	97¾xd	-1	11.64	11.65
101½	91¼	Euro Inv Bk 11pc Ln 2002	96	-1	11.55	11.63
108⅝	102⅞	Finland 14½pc Ln 1986	104½	-½	13.88	11.28
110¼	95¼	Int-Am Dev Bk 12½pc 2003	107¾	-1	12.04	11.97
106⅝	101¼	Int. Bank 13½pc 1986	103⅛	-¼	13.10	11.23
109⅝	102⅞	Do 14pcLn 1987	105½	-¼	13.28	11.33
104⅛	97¼	Mlysa 12¼pcLn '88	101½	+¼	12.04	11.77
106½	92¾	Mex 16½pc 2008	106	-½	15.88	15.03
110⅝	103	NZ 14¼pc 1987	106⅛	-⅜	13.99	11.44
103¾	90¾	Do. 11¼pc 2008	93¾	-¾	11.99	12.04

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Building Societies

1984 High	1984 Low	Stock	Price £	+ or -	Int. Yield	Red. Yield
100⅞	98¾	Do 11pc 3.6.85	99¾	-⅛	11.03	11.37
100¼	98½	Do 10¾pc 24.6.85	99⅝	-⅛	10.79	11.27
100	99	Do 11¼pc 15.7.85	99¾	-⅛	11.28	11.54
100	99⅞	Do. 12¼pc 5.8.85	100	-⅛	12.17	11.26
100	99¼	Do 10⅞pc 27.8.85	99¾	-¼	10.90	11.14
100¼		Do 11⅛pc 9.9.85	99⅞	-⅛	11.14	11.24

Public Board and Ind.

1984 High	1984 Low	Stock	Price £	+ or -	Int. Yield	Red. Yield
77½	70¾	Agric. Mt. 5pc '59-89	75¼xd	.....	6.64	12.00
37¾	34	Met. Wtr. 3pc 'B'	37¼xd	-¼	8.09	11.06

Financial

1984 High	1984 Low	Stock	Price £	+ or -	Int. Yield	Red. Yield
102⅝	96¾	Inv in Ind. 6¼pcDb 81-84	102¼	.....	6.11	10.10
102¾	97½	Do. 10½pc Un.Ln. 1986	101½	.....	10.34	11.70
103½	96½	Do. 11pc Uns Ln. '88	101¼	.....	10.86	11.70
105¼	97	Do 11¾pc Uns.Ln. '90	101½	.....	11.96	12.20
82¾	73	Do 7¼pcA Db89-92	78¾	.....	9.22	11.80
109	95½	Do 12½pc Un. Ln 1992	102½	.....	12.28	12.10
81	71	Do 7¼pcA '91-94	75xd	.....	9.67	11.80
91½	79½	Do 9pcA '91-94	85xd	.....	10.59	11.55
90	76½	Do. 8⅞pc Ln '92-97	82½	.....	10.73	11.70

FOREIGN BONDS & RAILS

1984 High	1984 Low	Stock	Price £	+ or -	Div % Gross	Red. Yield
14	10	Chinese 4½pc 1898	12	.....	—	—
14	10	Do. 5pc 1912	13	.....	—	—
12	9	Do. 5pc 1913	11	.....	—	—
10½	7½	Do. 5pc '25 Boxer	8	.....	—	—
53	48	Greek 7pc Ass.	58	.....	3½	6.17
55	46	Do 6pc 28 Stb Ass.	55	.....	3	5.49
52	44	Do 4pc Mixed Ass	52	.....	2	3.87
62	40	Hung '24 Ass.	60	.....	2¾	3.20
129½	114	Hydro Quebec 15pc 2011	125½	-1	15	12.46
87	79	Iceland 6½pc '83-88	79	.....	6½	14.10
119	104½	Do 14½pc Ln. 2016	115½xd	-1	14½	12.85
91	84½	Ireland 9¾pc '91-96	88	-¼	—	11.78
312	299	Japan 4pc '10 Ass	310	.....	—	—
93	82	Do 6pc '83-88	86	.....	6	10.20
161	161	Peru Ass. 2007	161	.....	5.22	9.82
S93	S91	Turin 9pc 1991	S92	.....	9	12.00
DM96	DM94	Turin 6pc 1984	DM95	.....	6½	11.40

AMERICANS

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
46	29	Marshall L'ny. 'A'	34	.....	†1.2	3.6	5.0	(6.1)
*54	37	Marshall's Univ	48	+1	H1.75	—	5.2	14.4
83	77	Do. 7½pc Cn Red Pf £1	82	–1	7½%	—	13.1	—
30	20	Martin-Black	22	.....	—	—	—	—
£108	£88	Mathesons 7¾%	£95	.....	Q7¾%	2.3	18.4	—
378	287	Metal Box £1	336	–6	15.0	3.0	6.4	5.7
220	129	Metal Closures	146	.....	6.3	2.3	6.2	(8.1)
27	13	Metal Sciences 2½p	14	.....	—	—	—	—
19	8	Metamec Jentique	9	.....	0.01	—	—	—
133	83	Midland Marts	105	.....	4.0	1.8	5.5	13.2
68½	45	Mitchell Cotts	68½	.....	4.0	♦	8.7	♦
29	13	Moben Grp 1p	14½	.....	†d0.5	2.5	4.9	(9.1)
168	132	Morgan Crucible	160	.....	†7.5	1.2	6.8	(15.8)
18½	13½	Morris (W) Fine Arts	16	–½	bg0.25	4.0	2.2	14.6
97	80	Moss (Robt.) 10p	95	.....	2.5	2.9	3.8	11.5
330	197	NMW Computers	280	.....	6.0	3.0	3.1	15.6
65	43	Nash Inds.	45	.....	4.0	2.2	12.7	5.2
47	30	Neil & Sp'ncer 10p	38	+5	—	—	—	16.4
33	15	Newman Industs	15	–1	—	—	—	(8.4)
31	16½	Do. 10pc Cm.Cnv.Pf.	17½	–1½	10%	—	8.2	—
67	43	Nolton	55	–2	1.1	♦	2.9	♦
175	132	Norcros	172	.....	7.5	2.4	6.2	9.1
86	58	Nu-Swift 5p	60	.....	—	—	—	11.7
100	50	Oakwood Grp.	70	.....	†d6.5	—	‡	—
190	145	Office & Elect	165	.....	5.24	4.2	4.6	7.5
875	700	Oriflame Intl SA	750	.....	†Q53c	2.2	5.6	8.0
46	22	Owenstone 12½c	23	.....	Q4.5c	2.2	10.1	4.5
£150	£120	Ozalid Fin. Cv.	£150xd	+8	Q9%	—	6.1	—
190	150	PCT Grp 10p	155	.....	bg4.8	♦	4.3	♦
£12½	975	PLM 'B' SA 25	£12	.....	Q20%	3.2	3.9	8.1
62	40	Pacific Sales 10p	45	.....	b2.4	2.2	7.6	(6.8)
207	148	Parker Knoll 'A'	154	.....	9.0	2.8	8.3	6.1
265	197	Pauls	228	–2	8.5	2.8	5.6	7.9
590	405	Pearson	523	–12	†14.0	3.0	3.8	10.4
35	20	Peek Holdings	20	.....	—	—	—	—

LEISURE—Continued

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
46	9	Nimslo Int 20c	29	.....	—	—	—	—
*137	104	Norton Opax 10p	120	.....	Gd3.0	2.6	3.6	15.8
31½	14½	Owners Abroad	18½	.....	0.75	6.1	5.8	3.3
66	39	Photax (Lon.)	39	.....	—	—	—	—
29½	20	P'dilly Radio NV 5p	24	.....	b1.89	1.0	11.2	12.3
130	73	Pineapple Dnc St 10p	92	–1	d1.5	4.0	2.3	11.7
420	285	Pleasurama 5p	335	–5	6.5	4.7	2.8	10.9
16	10¼	Pres Entertain 10p	15¼	+¼	bg0.02	2.0	0.2	20.0
158	73	Radio City 'A' NV	75	.....	5.6	1.9	10.7	6.9
70	53	Radio Clyde N/V	53	.....	3.0	1.4	8.1	12.4
148	48	Riley Leisure 10p	50	.....	†4.2	2.4	‡	4.1
138	94	Saga Hols. 20p	136	–2	†3.75	1.6	3.9	22.8
665	290	Samuelson Grp £1	665	+10	13.3	♦	2.9	♦
27½	18	Sangers Photo 10p	23	+2	bg1.25	1.8	7.8	10.4
186	98	Scott. TV 'A' 10p	182	–4	8.1	2.9	6.4	8.5
413	186	SeaCo Inc $0.125	332	+2	—	—	—	—
35	12	SelecTV 10p	12	.....	—	—	—	—
140	122	Spectrum 5p	127	+2	b2.0	4.2	2.2	15.0
37	24	TSW 5p	31	.....	1.2	2.2	5.5	12.0
157	79	TVS N/Vtg 10p	157	.....	±5.0	♦	4.6	♦
30	22	Television Svcs 10p	29	.....	†0.3	4.2	1.6	1.3
90	60	Tottenham Hotspur	70	.....	d2.3	1.6	8.5	(16.4)
161	120	Trid'nt TV 'A' 10p	148	.....	†5.5	1.8	5.3	14.6
173	100	21st Century Dist	156	+1	—	—	—	—
197	135	Tyne Tees TV 'A' £1	155	+5	8.25	2.4	7.6	8.0
98	53½	Ulster TV N/V 'A'	98	.....	4.75	♦	7.1	♦
28	17	Webb (Jos.) 5p	27	.....	d0.51	1.0	2.7	53.6
98	80	Zetters 5p	91	.....	3.25	3.0	5.1	9.3

MOTORS, AIRCRAFT TRADES

Motors and Cycles

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
76	33	BL 50p	41	–3	—	—	—	—
255	227	Gen. Mts. Units	227	.....	Q12c	—	3.7	—
464	294	Honda Motor Y50	420	–12	Q23%	8.6	0.8	13.9

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
280	145	Falcon Z50c	160	.....	Q100c	♦	36.4
17	8	Wankie Col. Z$1	9	.....	—	—	—
21	14	Zam.Cpr.SBD0.24	15½	–½	—	—	—

Australians

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
45	23	ACM 50c	35	.....	—	—	—
38	17	Allstate Expl'n. NL	17	.....	—	—	—
10½	3½	Asia Oil & Minerals	3½	+¼	—	—	—
19½	12	Aust. Hydrocarbons NL	18½	.....	—	—	—
28	16	Australis Mng NL	16	.....	—	—	—
45	15	Balmoral Res	21	.....	—	—	—
36	18	Black Hill Mins	23	–1	—	—	—
104	77	Bond Corp	103	+2	Q10c	♦	6.6
177	90	Bougainville 1 Kina	125	+2	Q16.4c	1.2	8.8
406	276	CRA $2	342	.....	†Q12c	1.5	2.3
86	44	Carr Boyd 20c	58	–1	—	—	—
40	18	Central Kalgoorlie	18	.....	—	—	—
43	20	Central Pacific	34	.....	—	—	—
4¼	2½	Cons Gld Mg Areas NL	2¾	.....	—	—	—
8½	4¼	Coopers Res. NL	6	.....	—	—	—

Tins

Miscellaneous

NOTES

REGIONAL & IRISH STOCKS

OPTIONS — 3-month call rates

"Recent Issues" and "Rights" Page 39

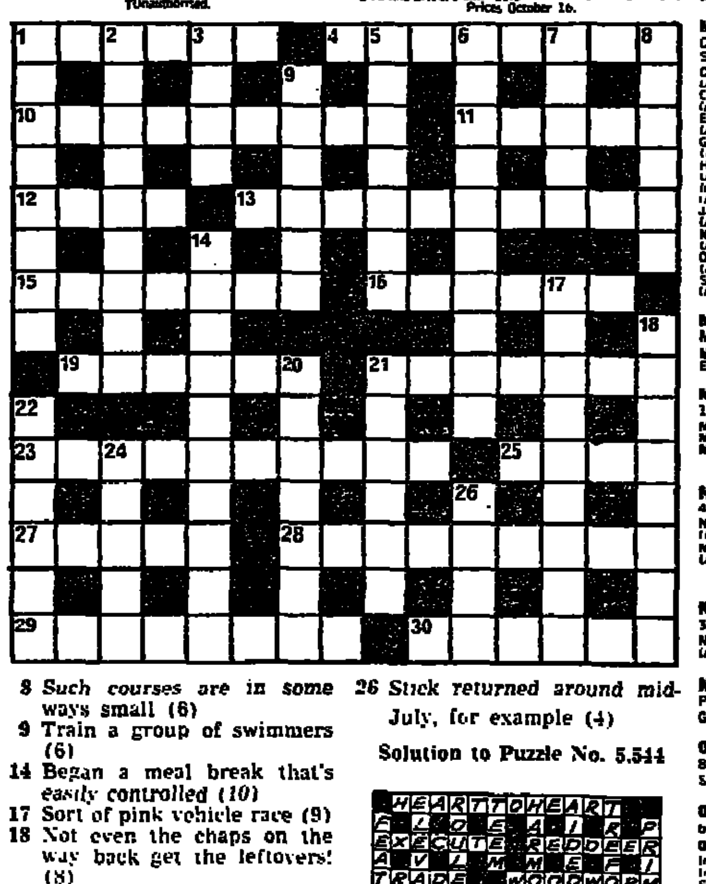
This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,545



ACROSS

1 Other sort of ring in the nose (6)
4 I'm going into prayers, causing wry faces (8)
10 *The goat gets the trophy, which is a bloomer!* (9)
11 By mid-morning sure to turn to harbour (5)
12 The filming of one scene is appropriate (4)
13 Deny I'd returned, into the bargain (10)
15 Letters sent by this publicise the ruin of Lima (7)
16 *Take away a man found in* the canal (6)
19 Comes to see about top flight (6)
21 Got over cold ale changing colour! (7)
23 Perhaps odd, it feeds a Welsh festival (10)
25 Still left in a flower (4)
27 Vertical lump breaking out on Bert's head (5)
28 One bill sent round after the soldiers' revolt (9)
29 The Saviour needs cash for delivery (8)
30 Sent in for disturbing the game (6)

DOWN

1 A halibut must be cooked, as *usual* (8)
2 It's not worth considering borders for certain districts (9)
3 The apple picker has not started yet (4)
5 Supposed to be placed inside a plant (7)
6 The worker went ahead after the chap was treated roughly (10)
7 Barker, a U.S. soldier, follows the fabulous bird back (5)
8 *Such courses are in some* ways small (6)
9 Train a group of swimmers (6)
14 Began a meal break that's *easily controlled (10)*
17 Sort of pink vehicle race (9)
18 Not even the chaps on the way back get the leftovers! (8)
20 Express one's approval of, yet object to, a rambling rose (7)
21 Wooded valleys the doctor speaks softly about (6)
22 Celebrate with Elizabeth a 300 employee (6)
24 Something you hear is well-founded (5)
26 Stick returned around mid-July, for example (4)

Solution to Puzzle No. 5,544

هكذا عن الأصل

هكذا عن الأصل

INSURANCE, OVERSEAS & MONEY FUNDS

Liberty Life Assurance Co Ltd
Station Rd, New Barnet. 01-440 8210
Fund Managers, Touche Remnant & Co.

Sel Sec A	25.0	26.3	....	—
Blue Chip	20.4	21.5	....	—
Fixed Yield	19.8	20.8	....	—
Guaranteed Mny	15.7	16.6	....	—
Managed	19.0	20.0	....	—
International	25.3	26.7	....	—
Property	15.5	16.4	....	—
Pacific	19.7	20.8	....	—
Equity	14.9	15.7	....	—
Special Sits	21.7	22.9	....	—
Int Currency	13.5	14.3	....	—
Index Linked Secs	11.0	11.6	....	—
American	19.6	20.7	....	—

Life Assur. Co. of Pennsylvania
8, New Rd, Chatham, Kent. Medway 812348

LACOP Units	13.49	14.17	....	—

Lloyds Life Assurance
20, Clifton St, EC2A 4HX. 01-920 0202

Multi Gwth Oct 5		£2.87477	....	—
Multi Gwth 'A' Oct 5	262.2	276.1	....	—
Op 5 Prop Oct 11	262.2	276.1	....	—
Op 5 Equity Oct 16	328.5	345.8	+0.4	—
Op 5 Hy Oct 11	263.9	277.8	....	—
Op 5 Man Oct 11	321.6	338.8	....	—
Op 5 Dep Oct 12	197.3	207.7	....	12.78
Op 5 Bond Oct 11	176.7	186.0	....	—
Op 5 Inc Dist Oct 11	136.1	143.3	....	8.90
Op 5 Int Man Oct 11	186.2	196.1	....	—
Op 5 US$ Oct 11	147.4	155.2	....	12.12
Pens B Pr Ac Oct 15	332.8	350.4	+1.5	—
Pens B Eq Ac Oct 15	920.5	99.0	+16.7	—
Pens B FI Ac Oct 15	386.2	406.6	+4.8	—
Pens B Mo Ac Oct 15	565.6	595.4	+7.8	—
Pens B Dp Acc Oct 15	311.3	327.7	+1.5	—
PensBGart Glob Oct 15	102.3	107.7	+0.2	—
Pens B Gart NA Oct 15	102.2	107.6	-4.2	—
PensBGart Pac Oct 15	103.7	109.2	+0.5	—

For Pensions Capital Units please ring extension 319.

Britannia Funds—Series A

Am Smlr Co's Oct 10	131.0	137.9	....	—
Am Spec Sits Oct 10	151.6	159.6	....	—
Commodity Oct 10	79.1	83.3	....	—

National Provident Institution
48, Gracechurch St, EC3P 3HH. 01-623 4200

Managed	183.8	193.5	-0.7	—
UK Equity	196.3	206.7	-1.7	—
Overseas Eq.	193.3	203.5	+2.5	—
American	195.0	204.9	+1.5	—
Far East	182.6	192.3	+1.4	—
Property	110.8	116.7	....	—
Fixed Int.	156.6	164.9	-1.3	—
Indexed Gilt	103.1	108.6	-0.8	—
Deposit	112.5	118.3	+0.1	—

Pension Fund Prices

Man. Initial	180.8	191.4	-1.4	—
Man Acc.	200.8	211.4	-1.5	—
UK Eq. Initial	182.1	189.6	-3.4	—
UK Eq.	195.9	206.3	-3.4	—
Overseas Eq. Initial	210.6	221.7	+2.0	—
Overseas Eq.	240.1	252.8	+2.2	—
American Initial	209.2	219.3	+2.0	—
American	228.7	240.8	+2.3	—
Far East Initial	228.8	240.9	+1.8	—
Far East	250.7	263.9	+2.0	—
Prop. Initial	105.7	111.3	+0.1	—
Prop.	115.5	121.6	+0.1	—
Fixed Int. Initial	140.9	148.4	-1.3	—
Fixed Int.	153.5	161.6	-1.5	—
Indexed Gilt Initial	98.6	103.8	-1.1	—
Indexed Gilt	107.8	113.5	-1.1	—
Deposit Initial	110.9	116.8	....	—
Deposit	121.7	128.3	+0.1	—

NPI Pensions Management Ltd.

Managed Fund	498.9	511.7	....	—

Prices Sept 28. Next dealing October 1.

New Zealand Insurance PLC
110/114, Baxter Avenue, Southend. (0702) 344555

Kiwi Key (Managed)	347.6	358.4	....	—
UK Equity	151.2	159.1	+0.1	—
American	250.7	263.9	+2.3	—
Pacific	367.4	386.8	+5.1	—
Property	151.5	159.5	....	—
Gilt	173.1	182.2	-0.7	—
High Inc. Equity	142.9	150.4	+0.4	—
High Inc. Fxd. Int.	102.7	108.1	-0.4	—
Deposit	147.9	155.7	....	—
Index-Linked Gilt	104.4	109.9	....	—

Norwich Union Insurance Group
PO Box 4, Norwich NR1 3NG. 0603 22200

Save & Prosper Group

Schroder Life Assurance Ltd.
Enterprise House, Portsmouth.

OFFSHORE AND OVERSEAS

Midland Bank Tst. Corp. (Jersey) Ltd.
28-34, Hill St St Helier Jersey. 0534 36281

MBO'shrcGlt	102.6	102.9xd	+0.2	11.66
MdBkIntBd	$1.08	1.07xd	+0.03	7.71

Minerals, Oils Res., Shrs. Fd. Inc.
PO Box 194 St Helier Jersey. 0534 27441

MorsOct11	$11.33	11.88xd	....	3.37

Samuel Montagu Ldn. Agents
114, Old Broad St. EC2. 01-626 3434

MtAmEqInc(z)	95.1	99.9xd	+2.2	5.31
MtJapInc(z)	66.3	69.7	+0.7	4.45
MtFROc10	$10.50	10.52	....	—
MtGiltInc(z)	48.7	51.3xd	+0.3	10.47
MtSaRsO2	£14.90	14.91	....	—
MrFdOc11	$18.81	20.04	....	—
ApIOc9	SF104.55	113.47	....	1.23
JpOct15	HK42.95	46.49	+1.09	0.16
117GpS28	$17.65	18.99	....	1.38
USFIFSo28	$10.77	11.33	....	—

Murray, Johnstone (Inv. Adviser)
163 Hope St. Glasgow. C2 041-221 5521

PacFdOct17	$3.93	4.18	+0.05	—
HaStOc16	$65.36	70.01	-0.01	—

N.E.L. International Ltd.
PO Box 119, St PeterPort, Guernsey, CI.

SterlingDep	76.1	80.1	....	—
SterlingFxdIn	85.8	90.3	....	—
SterlingMan	92.0	100.0	....	—
*ntlManaged	102.8	111.7	....	—

Nat. Westminster Jersey Fd Mgrs. Ltd.
23/25 Broad St. St Helier, Jersey. 0534 70041

EqtyFd(a)(b)	95.9	102.0	-1.0	1.89
IntlBdFd(a)*	75.7	78.0	....	7.10

*Sub day every Thurs.

County Bank Currency Fund (z)

Dollar Class	$22.7978	+0.0048	—
Sterling Class	£11.2848	+0.0037	—
D-MarkClass	DM53.1807	+0.0066	—
DutchGldrCl	Df153.1915	+0.0068	—
JapYenCl	Y5,389.0802	+0.7730	—

Nogit S.A.

Stronghold Management Limited

Com Trust	62.40	85.31	....	—

Surinvest (Jersey) Ltd.
4 Hill St. Douglas, I.o.M. 0624 29441

Copper Trust	£13.36	14.11	+0.11	

TSB Trust Funds (C.I.)
26 Hill St St Helier, Jersey (CI). 0534 73494

TSB Gilt Fd	98.0	101.0xd	-1.0	11.76
TSBGtFd(Jey)	98.0	101.0xd	-1.0	11.76
TSBJerseyFnd	90.1	94.9	+0.2	4.00
TSB GrnsyFd	90.1	94.9	+0.2	4.00
TSB CrncyFd	101.1	106.2xd	+0.2	—

Prices on Oct. 17. Next sub. day Oct.24.

Taiwan (R.O.C.) Fund
c/o Vickers da Costa Ltr. King William St. London, EC4. 01-623 2494
NAV $469. IDR value US$11,991.82.

Target Trust Mngrs (Jersey) Ltd.
PO Box 194, St Helier, Jersey. 0534 72936

ManCryFnd	102.8	108.4	+0.6	4.24

Tennant (Cayman) Mgrs Ltd & NATCO
PO Box 2189, Grand Cayman. 0101 (809) 9497436

WstmnstrCro	$9.03	—	....	—

Tokyo Pacific Holdings NV
Intimis Management Co NV, Curacao.
NAV per share $140.54.

Tokyo Pacific Hldgs. (Seaboard) NV
Intimis Management Co NV, Curacao.
NAV per share $102.55.

Tyndall Bank (Isle of Man) Ltd.
30, Athol St. Douglas I.o.M. 0624 29201

StgMoneyFnd	—	—	....	10.125
US$ MnyAcc	—	—	....	9.50

Tyndall Managers
2 New St, St Helier, Jersey. 0534 37331/3

TOFSL	187.2	201.1xd	....	1.24
American	201.0	217.4xd	....	1.85
Far Eastern	252.0	269.5xd	....	0.93
European	109.8	117.5xd	....	0.85
PrtfloSIMgd	100.9	108.5	....	—
PtrflSIAmrcn	97.2	105.2	....	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg.

W'wdGhFd	$11.55	—	+0.05	—

Inv Adv: M & G Inv Mngt Ltd, London.

Wren Commodity Management Ltd.
10, St George's St. Douglas, I.o.M. 0624 25015

WrenComFd	12.8	13.3	....	3.10
Chinese Fnd	59.9	62.4	....	1.70
PrecMtlFd	122.6	127.7	....	8.30
VngrdCmdyFd	26.0	26.7	....	2.26
FinclFutrsFd	32.1	33.4	....	—

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg.

DynGthFd	$9.69	—	+0.17	—

Money Market Trust Funds

	Nom	APR	Int cr	Notice
Mallinhall Ltd. 36 Berkeley Sq. W1X 5DA. 01-499 6634				
M'hall Mny Fd	9.88	10.27	Qtr	Call
The Money Market Trust 63 Qn Victoria St. EC4N 4ST 01-236 0952				
Call Fund	10.38	10.74	....	—
7-day Fund	10.48	10.82	....	—
Oppenheimer Money Management Ltd 66 Cannon St. EC4N 6AE. 01-236 1425				
Call Fund	10.54	10.92	6mth	Call
7-day Fund	10.25	10.51	6mth	7-day
Mny Mgt Ac.	10.37	10.79	3mth	Call
Dollar	8.75	8.94	6mth	2-day

Money Market Bank Accounts

	Nom	APR	Int cr	Notice
Aitken Hume 30 City Road. EC1Y 2AY. 01-638 6070				
Treasury Acc	10.375	10.78	Qtr	Call
MnthIncChqAc	10.25	10.74	Mth	Call
Bank of Scotland 38 Threadneedle St. EC2 2EH. 01-628 8060				
Cheque Acc	10.10	10.56	Mth	Call
Barclays Prime Account PO Box 125, Northampton. 0604 252891				
High Int Chq	10.00	10.38	Qtr	Call
Britannia Grp of Investment Companies 29 Finsbury Circ. EC2M 5QL. 01-588 2777				
Cater Allen	10.375	10.883	Mth	Call
Charterhouse Japhet plc 1 Paternoster Row. EC4M 7DH. 01-248 3999				
Sterling	10.375	10.88	Mth	Call
U.S Dollar	5.0	5.19	Mth	Call

COMMODITIES AND AGRICULTURE

Potato board to intervene as market slide continues

BY ANDREW GOWERS

THE UK Potato Marketing Board said yesterday it would buy 28,386 tonnes of potatoes this month and store them in a bid to prop up prices. It also indicated it might need to intervene further in coming months.

The futures price, however, which has been weak for some time, immediately reacted by falling another £3.60. The heavily traded April contract closed at £72.70 a tonne, compared with yesterday's £76.30, after touching a contract low of £72.50 in the afternoon.

[illegible]

EEC plans withdrawal of cocoa

[illegible]

Christmas butter sale seen as political

BY QUENTIN PEEL IN BRUSSELS

THE European Commission hopes to dispose of 300,000 tonnes of butter from its 1.2m-tonne butter mountain from the combination of cheap Christmas butter and subsidised exports announced on Monday.

[illegible]

They have been drawn up after slow progress with the export-promotion campaign for 150,000 tonnes of butter announced in July. This has resulted only in about 27,000 [illegible]

Australian export estimates rise

AUSTRALIA'S Bureau of Agricultural Economics forecast that farm exports' value will rise to a record A$10.3bn (£7.1bn) in 1984-85 from the previous peak of A$8.6bn in 1983-84. The forecast, [illegible]

Grenadian nutmeg growers look to Soviets

BY CANUTE JAMES, RECENTLY IN ST GEORGES, GRENADA

THE MANAGERS of the Nutmeg industry in Grenada, the world's second-largest producer, are hoping that a once-promising market can be recaptured. [illegible]

If the sales to Moscow had not been interrupted by the events of last October they would have accounted for about a quarter of Grenada's total annual production.

[illegible]

One said: "There is still no place here for Grenada to unload these quantities of [illegible]

The prospect of a limited market and increasing costs of production have discouraged most of the island's 7,500 nutmeg farmers.

Mr Joseph Campbell, an Organisation of American States [illegible] the Dutch market is totally fed by Indonesia. This explains the not so silent hope of Grenada Co-operative Nutmeg Association for the improbable return of the Soviets.

Singapore diamond dealers win approval for bourse

SINGAPORE'S DIAMOND dealers have won official approval to establish a diamond exchange and hope to start operating the world's 19th bourse soon, writes Chris Sherwell in Singapore.

Approval came last month from the local registry of companies and businesses. The Diamond Importers' Association of Singapore has begun moves to restructure itself as the Diamond Exchange of Singapore.

Mr John Pinsler, secretary of the importers' association, said yesterday that the bourse, to be part of the World Federation of Diamond Bourses, would be much smaller than the world's most important exchanges in New York, Antwerp and Tel Aviv but hoped to have about 200 members.

He estimated that about US$150m-worth (£125m) of diamonds were imported annually to Singapore in 1982 and last year, though official figures from the Diamond High Council, the international body, are much lower at $25m to $30m.

The local trade embraces about 60 companies. Each will pay a S$2,000 (£761) entrance fee and an annual subscription of S$1,000. Additional membership is likely to come from jewellers and gem-dealers.

The exchange will be housed at the same location as the diamond importers' associated and will be independent of government agencies such as the Monetary Authority of Singapore. The greatest constraint on growth is likely to be the absence of a diamond manufacturing sector in Singapore.

● Hong Kong Diamond Bourse, the first diamond exchange in the Far East, will begin trading next January, Leung Sik Wah, for the organising committee, said.

The exchange would allow physical trading in diamonds and other valuable stones but would not be responsible for clearing or settlement. All trading details will be confidential except for a monthly volume report.

Trading hours will be 9.30 am to 12.30 pm local time on weekdays. Overseas investors must trade through members.

PRICE CHANGES

In tonnes unless stated otherwise	Oct. 16 1984	+ or —	Month ago
Metals			
Aluminium	£1100	......	£1100
Free Mkt	$1050/1080	+10	$1028.5
Copper			
Cash h Grade	£1043.5	+3.25	£1050.75
3 mths	£1067.25	+3.5	£1050.75
Cash Cathode	£1045	+3.5	£1031
3 mths	£1066	+4.25	£1049
Gold troy oz.	$340.25	+1.50	$339
Lead Cash	£342.825	+0.125	£315.5
3 mths	£348.75	+0.875	£324.75
Nickel	£5333	......	£5333
Free Mkt	213/233c	......	212/232c
Palladium oz.	$140.75	+1.5	$137.5
Platinum oz.	$327.50	+2	$321.
Quick Silver†	$502/510		$505/516
Silver troy oz.	603.75p	+9.45	572.30p
3 mths	618.95p	+9.75	586.90p
Tin cash	£9705	—10	£9755
3 mths	£9660.5	+174	£9677.5
Tungsten	$85.67	......	$85.27
Wolfram22 04lb	$84/87	......	$82/86
Zinc	£628.5	+1.5	£629.5
3 mths	£622.25	+6.75	£625.75
Producers	$986	......	$940

	Oct. 16 1984	+ or —	Month ago
Oils			
Coconut (Phil)	$1280y	+15	$1030
Groundnut	‡	......	$920
Linseed Crude	‡	......	‡
Palm Malayan	$635x	—5	$610
Seeds			
Copra Phil	$700w	......	$650
Soyabean(U.S.)	$257	......	$244
Grains			
Barley Fut Jan.	£110.75	+0.15	£107.80
Maize	‡	......	‡
Wheat Fut Jan.	£110.80	+0.20	£106.65
No2 Hard Wint.	‡	......	‡
Other commodities			
Cocoa ship't*	£1967.5	+16.5	£1996
Futures Dec.	£1887.5	+7.0	£1915.5
Coffee Ft. Jan.	£2348	+19.0	£2446.5
Cotton A index	73.55c	+0.7	72.65c
Gas Oil Nov	$232.50	—3.25	$238.75c
Rubber (kilo)	60p	......	63p
Sugar (raw)	$129.5y	+5	$105
Wooltops 64s	467p kilo	......	485pkl

‡ Unquoted. x Nov. w Nov-Dec. v Sept-Oct. y Oct-Nov. † Per 75 lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

LONDON OIL

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	27.93-28.00	—0.08
Dubai Fateh	27.30-27.40	—
Arab Heavy	25.67-26.15	—0.09
North Sea (Forties)	27.50	—0.78
North Sea (Brent)	27.60-28.25	—0.42
African(BonnyLi'ht)	28.50-28.65	—0.02
Urals	26.10-26.20	—0.05
PRODUCTS—North West Europe "cif" ($ per tonne)		
Premium gasoline	260-263	—
Gas Oil	232-235	—3.0
Heavy fuel oil	185-188	—

GAS OIL FUTURES

Yesterday's weakness continued today with prices moving lower during the morning and then dropping more sharply in early afternoon, setting off stops and finding no real buying interest. An equally sharp rally was sparked by short-covering and supported by an upward move in the U.S. until renewed selling emerged on the close, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Oct.	228.50	—3.25	229.75-25.00
Nov.	232.50	—3.25	235.00-2.850
Dec.	235.75	—3.75	238.25-31.75
Jan.	236.50	—3.00	238.50-32.50
Feb.	233.50	—2.50	235.25-31.00
March	238.00	—4.50	231.00-28.00
April	226.00	—3.50	228.00-25.00

Turnover: 4,673 (4,680) lots of 100 tonnes.

GOLD MARKETS

Gold rose $1½ to $340-340½ on the London bullion market yesterday. The metal opened at [illegible]

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $339.90 per ounce, against [illegible]

EUROPEAN MARKETS

[illegible]

BRITISH COMMODITY PRICES

BASE METALS

[illegible]

AMERICAN MARKETS

NEW YORK, October 16

Gold and silver values came under pressure on a lack of follow-through buying along with speculators' disappointment on the failure of other banks to match the ½ per centage point cut by Bankers Trust, reports Heinold Commodities. Copper came under pressure on long liquidation and stop-loss selling as trade selling developed. Aluminium was slightly higher. Sugar came under pressure as producer selling continued to rest above the market. Cocoa was modestly higher on lower-than-expected arrivals from Brazil. Coffee was featureless with values trending slightly lower on reports of large export registrations in Brazil.

[illegible]

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling and dollar decline

Sterling fell to a record closing low against the dollar yesterday, and also finished at its lowest level against major currencies in general since October 1976.

Hopes of a settlement to the pit dispute were already built in to trading levels in London's financial markets, including the value of the pound on the foreign exchanges.

News that the talks at the Advisory, Conciliation and Arbitration Service between the National Coal Board and National Union of Mineworkers had broken down came on top of speculation about lower North Sea oil prices in the British sector. This followed the announcement on Monday that Statoil, the Norwegian state oil company, that prices had been reduced by about $1.50 a barrel, and put early pressure on sterling.

It touched an all-time trading low of $1.1975 in the morning, but then recovered slightly in quiet trading. The pound finished at a record closing low of $1.2030-1.2040, a fall of ½ cent from Monday. The trading range against the dollar in 1984 is 1.4905 to 1.2030, and the September average was 1.2598. Sterling's trade-weighted index fell to 75.5 from 75.9 on Monday, after opening at 75.3. It stood at 79.8 six months ago.

The pound also declined to DM 3.7750 from DM 3.7925; FFr 11.5650 from FFr 11.63; SwFr 3.09 from SwFr 3.1125; and Y299.75 from Y300.75.

The dollar was fairly quiet, falling back on profit taking after the recent advance. It was little changed for most of the day, but after declining when the New York market opened, began to improve again following cuts of only ¼ per cent in U.S. bank prime rates after Bankers Trust reduction of ½ per cent on Monday. The dollar failed to touch the DM 3.15 level, but current sentiment suggests new peaks may be reached later this week, providing central banks do not intervene heavily. It fell to DM 3.1390 from DM 3.1410; FFr 9.61 from FFr 9.6325; SwFr 2.5680 from SwFr 2.5775; and Y248.95 from Y249.00. On Bank of England figures the dollar's index eased to 144.1 from 144.2.

D-MARK — Trading range against the dollar in 1984 is 3.1410 against 2.5535. September average 3.0225. Trade-weighted index 119.9 against 126.9 six months ago.

The D-mark weakened against the dollar at the Frankfurt fixing. The U.S. currency rose to its highest level since September 21, the highest point since floating exchange rates began in 1973. The Bundesbank sold $20.5m as the dollar was fixed at DM 3.1427 compared with DM 3.1379 previously. There were reports of dollar sales by the Soviet Union, and this coupled with profit-taking pulled the U.S. currency down from levels of around DM 3.1550 in the Far East. After an early flurry trading was generally calm and quiet ahead of the U.S. industrial production figures for September. The D-mark showed small mixed changes against other major currencies, with sterling falling to DM 3.7810 from DM 3.80, and the Japanese yen to DM 1.2620 per Y100 from DM 1.2625. Within the EMS the guilder declined to DM 88.745 per Fl 100 from DM 88.75, while the French franc rose to DM 32.650 per FFr 100 from DM 32.625.

STERLING EXCHANGE RATE INDEX (Bank of England)

	Oct 16	Previous
8.30 am	—	—
9.00 am	75.3	76.3
10.00 am	75.4	76.2
11.00 am	75.4	76.2
Noon	75.5	76.1
1.00 pm	75.6	76.0
2.00 pm	75.5	75.8
3.00 pm	75.5	75.9
4.00 pm	75.5	75.9

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu October 16	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	8.07167	−0.85	−0.89	±1.5428
Danish Krone ...	8.14104	45.2231	+0.72	+0.69	±1.6421
German D-Mark	2.24784	2.23946	−0.11	−0.14	±1.1463
French Franc ...	6.87456	6.88199	−0.18	−0.21	±1.3659
Dutch Guilder ...	2.52596	2.52525	−0.03	−0.06	±1.5165
Irish Punt	0.72569	0.720248	−0.75	−0.78	±4.0611
Italian Lira	1403.49	1379.03	−1.74	−1.74	±1.8671

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

New York rates

	Oct. 16	Prev. close
£ Spot	$1.2010-1.2020	$1.2050-1.2060
1 month	0.01pm-0.01 dis	par-0.02 dis
3 months	0.11-0.14 dis	0.18-0.20 dis
12 months	1.25-1.35 dis	1.40-1.50 dis

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST POUND

Oct 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.1975-1.2050	1.2030-1.2040	0.01c pm-0.02 dis	−0.05	0.09-0.14dis	−0.38
Canada	1.5890-1.5970	1.5950-1.5960	0.18-0.25c dis	−1.61	0.57-0.69dis	−1.58
Nethlnd.	4.24-4.28	4.25½-4.26½	1⅞-1⅝c pm	4.93	4½-4⅜ pm	4.28
Belgium	76.10-76.60	76.25-76.35	3c pm-3 dis	—	2 pm-7 dis	−0.13
Denmark	13.60½-13.64	13.62-13.63	¼-1⅜ore dis	−0.66	3⅛-4⅛ dis	−1.21
Ireland	1.2135-1.2188	1.2160-1.2170	0.15-0.31p dis	−2.22	0.59-0.79dis	−2.28
W. Ger.	3.77-3.79½	3.77-3.78	1⅝-1½pf pm	5.17	4½-4¼ pm	4.63
Portugal	196.10-199.00	197.10-198.50	175-485c dis	−20.02	500-1420dis	−19.41
Spain	208.50-211.00	210.50-210.70	65-115c dis	−5.13	110-165 dis	−2.61
Italy	2,320-2,356	2,322-2,323	9-12 lire dis	−5.41	28-33 dis	−5.25
Norway	10.82-10.87	10.84½-10.85½	2-2¾ore dis	−2.57	6-7 dis	−2.40
France	11.54-11.59	11.56-11.57	par-⅞c dis	−0.45	2-3 dis	−0.51
Sweden	10.57-10.61	10.58½-10.59½	1⅞-2⅞ore dis	−2.54	6⅞-7⅞ dis	−2.55
Japan	299-310	299¼-300¼	1.24-1.18y pm	4.84	3.36-3.21 pm	4.38
Austria	26.50-26.60	26.52-26.57	9¼-7¾gro pm	3.75	22¼-18½ pm	3.06
Switz.	3.08-3.10½	3.08½-3.09½	1⅝-1⅜c pm	5.82	4⅛-3⅞ pm	5.17

Belgian rate is for convertible francs. Financial franc 76.90-77.00. Six-month forward dollar 0.37-0.42c dis, 12-month 1.20-1.35c dis.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Oct 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.1975-1.2050	1.2030-1.2040	0.01c pm-0.02 dis	−0.05	0.09-0.14dis	−0.38
Ireland†	0.9860-0.9908	0.9901-0.9908	0.19-0.14c pm	2.00	0.50-0.42 pm	1.86
Canada	1.3251-1.3268	1.3263-1.3268	0.17-0.19c dis	−1.63	0.38-0.42dis	−1.21
Nethlnd.	3.5385-3.5440	3.5405-3.5415	1.45-1.41c pm	4.85	4.25-4.21 pm	4.78
Belgium	63.35-63.47	63.35-63.45	1-5c dis	−0.57	7-4 pm	0.35
Denmark	11.31½-11.33	11.31¼-11.32¼	0.40ore pm-0.10d	−0.16	0.40pm-.10d	−0.05
W. Ger.	3.1335-3.1480	3.1385-3.1395	1.38-1.33pf pm	5.17	4.02-3.97 pm	5.08
Portugal	163.85-165.00	163.85-163.85	150-400c dis	−20.06	400-1150dis	−18.84
Spain	175.05-175.25	175.05-175.15	30-40c dis	−2.40	95-120 dis	−2.45
Italy	1,931½-1,936½	1,931½-1,932½	8.40-8.90 lire dis	−5.37	23.25-24.00d	−4.91
Norway	9.00½-9.03	9.01¼-9.01¾	1.80-2.30ore dis	−2.73	4.25-4.75dis	−2.00
France	9.6000-9.6380	9.6050-9.6150	0.20-0.35c dis	−0.34	0.65-0.95dis	−0.33
Sweden	8.79¾-8.81	8.79¾-8.80¼	1.85-2.35ore dis	−2.86	4.35-4.85dis	−2.10
Japan	248.75-249.35	248.90-249.00	1.04-1.00y pm	4.92	3.02-2.97 pm	4.81
Austria	22.045-22.093	22.045-22.065	7.30-6.90gro pm	3.83	20.5-18.5 pm	3.53
Switz.	2.5660-2.5770	2.5675-2.5685	1.32-1.26c pm	6.02	3.59-3.53 pm	5.53

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 63.90-64.00.

OTHER CURRENCIES

Oct. 16	£	$		£ Note Rates
Argentina Peso	125.96-124.18	105.00-105.09	Austria	26.40-26.70
Australia Dollar	1.4505-1.4525	1.2051-1.2058	Belgium	76.60-77.40
Brazil Cruzeiro	2,932.82-2,949.85	2,437-2,449	Denmark	13.55-13.69
Finland Markka	7.7636-7.8021	6.4690-6.4720	France	11.53-11.65
Greek Drachma	153.85-153.65	127.96-128.25	Germany	3.76½-3.80½
Hong Kong Dollar	9.4270-9.4350	7.8300-7.8330	Italy	2310-2340
Iran Rial	113.20*	93.50*	Japan	297-302
Kuwait Dinar (KD)	0.36225-0.36278	0.30115-0.30125	Netherlands	4.24¼-4.28¼
Luxembourg Fr.	76.25-76.35	63.35-63.45	Norway	10.77-10.88
Malaysia Dollar	2.9000-2.9150	2.4100-2.4200	Portugal	192-231
New Zealand Dlr.	2.4910-2.4960	2.0695-2.0725	Spain	205¾-214¾
Saudi Arab. Riyal	4.2825-4.2875	3.5600-3.5610	Sweden	10.53-10.64
Singapore Dollar	2.6110-2.6190	2.1675-2.1695	Switzerland	3.07½-3.10½
Sth African Rand	2.1456-2.1532	1.7610-1.7640	United States	1.19¼-1.21¼
U.A.E. Dirham	4.4170-4.4225	3.6720-3.6730	Yugoslavia	247-259

* Selling rate.

CURRENCY MOVEMENTS

Oct 16	Bank of England Index	Morgan Guaranty Changes%
Sterling	75.5	−14.4
U.S. dollar	144.1	+50.1
Canadian dollar	90.3	−3.7
Austrian schilling	109.9	+2.8
Belgian franc	87.9	−11.6
Danish Kroner	75.6	−6.9
Deutsche mark	119.9	+5.6
Swiss franc	140.2	+10.0
Guilder	110.4	+2.9
French franc	63.5	−16.7
Lira	46.5	−14.3
Yen	156.3	+11.9

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Oct. 16	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.819527	0.592575
U.S. $	9	0.985202	0.713045
Canadian $	12.38	*	0.945070
Austria Sch.	4½	21.7523	15.7559
Belgian Fr.	11	62.4914	45.2231
Danish Kr.	7	11.1648	8.07167
D mark	4½	3.09619	2.23946
Guilder	5	3.48762	2.52525
French Fr.	9½	9.47715	6.86199
Lira	16½	1905.63	1379.03
Yen	5	n.a.	177.498
Norwgn Kr.	8	8.88061	6.43523
Spanish Pta.	½	172.570	124.876
Swedish Kr.	9	8.68061	6.27622
Swiss Fr.	4	2.53512	1.83445
Greek Dr'ch	20½	126.095	91.1842
Irish Punt	12¾	0.995154	0.720248

*C$/SDR rate for Oct 12: 1.30610

EXCHANGE CROSS RATES

Oct. 16	Pound St'rling	U.S. Dollar	Deutsche m'k	J'panese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.204	3.775	209.8	11.57	3.090	4.260	2323.	1.596	76.30
U.S. Dollar	0.831	1.	3.139	248.9	9.610	2.568	3.541	1932.	1.326	63.40
Deutschemark	0.265	0.319	1.	79.40	3.064	0.819	1.128	615.2	0.423	20.21
Japanese Yen 1,000	3.336	4.015	12.59	1000.	38.58	10.31	14.21	7748.	5.323	254.5
French Franc 10	0.865	1.041	3.264	259.2	10.	2.672	3.684	2008.	1.380	65.97
Swiss Franc	0.324	0.389	1.222	97.01	3.743	1.	1.379	751.6	0.516	24.69
Dutch Guilder	0.235	0.283	0.886	70.36	2.715	0.725	1.	545.2	0.375	17.91
Italian Lira 1,000	0.431	0.518	1.625	129.1	4.980	1.330	1.834	1000.	0.687	32.85
Canadian Dollar	0.627	0.754	2.366	187.9	7.249	1.937	2.670	1456.	1.	47.82
Belgian Franc 100	1.311	1.577	4.948	392.9	15.16	4.050	5.583	3044.	2.091	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Oct. 16	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	10¼-10½	10⅛-10⅜	12⅛-12⅜	5⅞-6	2⅝-2⅝	5⅝-5⅞	11-11⅛	15½-16½	10¾-11¼	10¾-11	6⅛-6⅜	11¼-11¾
7 days' notice	10⅜-10⅝	10⅝-10⅞	12⅛-12⅜	5⅞-6	2¼-2½	5⅝-5⅞	11-11⅛	15¾-16¾	10¾-11¼	10⅞-11⅛	5⅝-6⅛	11½-12
Month	10⅝-10⅞	10⅝-10⅞	11⅝-12⅛	6-6⅛	5⅛-5¼	5⅝-5⅞	11⅛-11⅜	15¾-16¼	10¾-11¼	10⅞-11⅛	6-6⅛	10⅞-11⅛
Three months	10⅝-10¾	10⅞-11⅛	12⅛-12¼	6¼-6⅜	5½-5⅝	5⅝-6	11⅝-11⅞	16-16⅛	10¾-11¼	10⅞-11⅛	6⅛-6⅜	11⅝-12⅛
Six months	10⅝-10¾	11¼-11⅜	12⅛-12⅜	6⅜-6½	5⅛-5½	5⅝-6	11⅝-11⅞	16¼-16⅝	11-11⅛	11-11¼	6¼-6⅜	11⅞-12⅛
One year	10⅝-10¾	11⅝-11¾	12⅛-12⅜	6⅛-6⅜	5⅛-5⅜	6-6⅛	12⅜-12½	16-16½	11-11½	11-11¼	6⅜-6½	11⅞-12⅛

Asian $ (closing rates in Singapore): Short-term 10⅜-10⅝ per cent; seven days 10½-10⅝ per cent; one-month 10⅝-10⅞ per cent; three months 11-11⅛ per cent; six months 11 13/16-11⅞ per cent; one year 11 13/16-11 15/16 per cent. Long-term Eurodollars: two years 12⅝-12⅞ per cent; three years 12¾-12⅞ per cent; four years 12¾-13 per cent; five years 12⅞-13⅛ per cent nominal rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

FINANCIAL FUTURES

Further decline

Sterling-based contracts lost ground in the London International Financial Futures Exchange yesterday but finished mostly above the day's lows. There appeared to be very little encouragement at the start of the day as the market faced a breakdown in the talks between the National Union of Mineworkers and the National Coal Board and a decision by the Norwegian state-owned oil company to reduce the price of its North Sea oil. In addition sterling fell sharply to record lows, postponing the possibility of any near term reduction in UK clearing bank base rates.

Gilt prices opened sharply lower following a late reversal in U.S. bond prices and attracted steady selling in reasonable volume with the December contract touching a low of 105-19. However, with the pound consolidating above $1.20 rather than below, the market regained some of its poise and values finished above the day's lows helped by a stronger U.S. bond market. The latter move reflected increased optimism over the seven-year Treasury note auction.

Euro-dollar prices opened weaker and were sold on a higher Federal funds rate but attracted interest after the opening of U.S. centres.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%†

	Close	High	Low	Prev
Dec	88.79	88.80	88.69	88.73
March	88.45	88.45	88.37	88.39
June	88.13	88.13	88.06	88.08
Sept	87.83	87.83	87.82	87.78
Dec	87.55	—	—	87.50

Est volume 3,084 (2,629)
Previous day's open int 10,323 (10,103)
† Repriced

THREE-MONTH STERLING £250,000 points of 100%

	Close	High	Low	Prev
Dec	89.65	89.75	89.58	89.87
March*	89.65	89.72	89.64	89.84
June*	89.44	89.50	89.44	89.63
Sept*	89.27	—	—	89.45
Dec*	—	—	—	89.62

Est volume 3,859 (1,249)
Previous day's open int 5,735 (5,689)
* £500,000 points of 100%. † Repriced

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Dec	106-00	106-09	105-19	106-26
March	105-18	—	—	106-12
June	105-05	—	—	105-31
Sept	108-06	—	—	109-02
Dec	—	—	—	108-06

Est volume 4,076 (2,441)
Previous day's open int 2,904 (2,772)
Basis quote (clean cash price of 13¾% Treasury 2003 less equivalent price of near futures contract) 06 to 14 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.2038	1.2038	1.1982	1.2085
March	1.2065	1.2065	1.2015	1.2125
June	1.2105	—	—	1.2169

Est volume 670 (250)
Previous day's open int 5,856 (5,754)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3209	0.3214	0.3200	0.3203
March	0.3252	—	—	0.3246
June	—	—	—	0.3716

Est volume 54 (41)
Previous day's open int 248 (246)

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Dec	67-29	67-29	67-19	67-24
March	67-11	—	—	67-06

Est volume 1,682 (398)
Previous day's open int 1,178 (1,038)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Dec	0.4046	0.4046	0.4040	0.4048
March	—	—	—	—
June	—	—	—	0.4323

Est volume 3
Previous day's open int (280)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Dec	0.3824	—	—	—
June	—	—	—	0.4456

Est volume nil (2)
Previous day's open int 434 (246)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
Dec	112.35	113.00	112.20	114.25
March	112.35	112.60	112.35	114.25
June	—	—	—	103.50

Est volume 444 (221)
Previous day's open int 758 (755)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	67-22	67-28	67-18	67-22
March	67-04	67-09	66-31	67-03
June	66-17	66-22	66-14	66-17
Sept	66-02	66-07	66-00	66-03
Dec	65-20	65-26	65-19	65-22
March	—	—	—	65-11
June	—	—	—	65-01
Dec	—	—	—	64-16
March	—	—	—	64-09
June	—	—	—	64-03

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	90.04	90.04	90.01	90.00
March	89.70	89.71	89.69	89.68
June	89.38	89.38	89.38	89.36
Sept	89.09	89.09	—	89.08
Dec	—	—	—	88.82
March	—	—	—	88.58
June	—	—	—	88.37
Sept	—	—	—	88.18

CERT DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	89.16	89.19	89.15	89.15
March	88.81	88.84	88.81	88.82
June	88.49	88.52	88.49	88.51

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	88.75	88.79	88.73	88.74
March	88.41	88.45	88.40	88.42
June	88.09	88.13	88.08	88.09
Sept	—	87.82	87.78	87.80
Dec	—	87.54	87.49	87.53
March	—	87.25	87.25	87.28
June	—	87.00	87.00	87.04

STERLING (IMM) $s per £

	Latest	High	Low	Prev
Dec	1.2045	1.2065	1.2020	1.2100
March	1.2070	1.2090	1.2050	1.2140
June	1.2135	1.2135	1.2110	1.2185
Sept	1.2160	1.2190	1.2150	1.2225
Dec	—	—	—	1.2275

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	67-06	67-09	67-04	67-06
March	66-15	66-18	66-15	66-16
June	—	—	—	65-29
Sept	—	—	—	65-11
Dec	—	—	—	64-28
June	—	—	—	63-30

MONEY MARKETS

Sterling fears boost UK interest rates

Interest rates rose in London yesterday as the market reacted to sterling's weaker trend. Hopes of an early reduction in UK clearing bank base rates receded further with three-month interbank money quoted at 10⅝-10½ per cent compared with 10⅜-10¼ per cent and three-month eligible bank bills bid at 10⅜ per cent from 10-10⅛ per cent. Overnight interbank money opened at 11 per cent and slipped to close around 2 per cent.

The Bank of England forecast a shortage of around £600m with factors affecting the market including bills maturing in official hands and a take up of Treasury bills together draining £283m and the unwinding of previous sale and repurchase agreements a further £192m. In addition Exchequer transactions drained £110m.

The Bank offered an early round of assistance and discount houses took advantage of this in view of the somewhat less rosy picture on interest rates to off load bills. Consequently the authorities took out the entire shortage by giving help of £605m. This comprised purchases of £7m of eligible bank bills in band 1 (up to 14 days) at 10⅛ per cent and £54m in band 2 (15-33 days) at 10⅛ per cent. In band 3 (34-63 days) it bought £44m of eligible bank bills at 10⅛ per cent and in band 4 (64-91 days) £8m of local authority bills and £492m of eligible bank bills all at 10⅛ per cent. There was no further assistance during the day.

The large amount of paper sold at the longer end reflected a change in sentiment but more from a bullish to a neutral stance rather than a bearish trend. The current low cost of short term funding and little prospect of lower rates in the near future highlighted the attraction of moving out of long dated paper into the shorter end of the market.

In Frankfurt call money was little changed from Monday at 5.55-5.65 p.c. However, fears of a squeeze on short term liquidity increased with the growing possibility of Bundesbank intervention in foreign exchange markets to restrain the dollar. In addition tax payments are due towards the end of the week, draining further funds. For the time being commercial banks' borrowing through the Lombard facility were down to DM4.6bn on Monday from DM5.2bn on Friday.

UK clearing banks' base lending rate 10½ per cent (since August 20)

MONEY RATES

Oct. 16	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.55-5.65	11¼	1½-2½	5⅞-6	6.03125	17-17⅛	7.95	12¼-12½
One month	5.75-5.90	11⅞-11⅜	5-5⅛	5⅞-6	6.15625	16⅞-17¼	10⅝-11⅛	12⅜-12⅝
Two months	5.80-5.95	11⅝-11¼	—	—	—	—	—	12⅜-12⅝
Three months	5.95-6.10	11⅝-11¾	5⅛-5⅜	6⅛-6¼	6.34375	17⅛-17⅝	10⅞-11⅛	12⅞-13⅛
Six months	6.00-6.15	11-11⅛	—	6⅛-6¼	—	—	10⅞-11¼	13⅛-13⅜
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	11	—	5¼	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Oct. 16 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	2-11	10-10⅛	10-10¼	8-10⅛	—	—	—	—	—
2 days notice	—	—	10⅛-10¼	—	—	—	—	—	—	—
7 days or...	—	—	—	—	—	—	—	—	—	—
7 days notice	—	10⅜ 11	10⅛-10⅜	10⅛-10⅜	10⅛-10⅜	—	—	—	—	—
One month	10¼-10⅛	10⅜-10⅛	10⅛-10⅜	10⅛	10⅛	10⅛	—	10⅛	10⅛-10⅜	11
Two months	10⅛-10⅛	10⅜-10⅛	—	10⅛	10⅛	10⅛	—	10⅜	10⅛	10⅛
Three months	10⅛-10⅛	10⅝-10⅛	10⅜	10⅛-10⅜	10-10⅛	10	9⅞-9⅞	10⅛-10⅛	9⅞	10⅞
Six months	10⅛-10⅝	10⅝-10⅞	10⅝	—	—	—	—	—	—	—
Nine months	10⅛-10⅝	10⅞-10⅝	—	—	—	—	—	—	—	—
One year	10⅜-10⅛	10⅜-10⅛	10⅝	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	11⅛-10⅞	—	10⅛	10.5-10.5	9⅛-9⅛	9⅛-9⅛
Two months	11⅛-10⅞	—	10⅛	10.7-10.6	9⅜-9⅜	9⅛-9⅛
Three months	11⅛-10⅞	—	10⅛	10.9-10.8	9⅛-9⅛	9⅛-9⅛
Six months	11⅛-10⅞	—	10⅝	11.2-11.1	—	—
Nine months	11-10⅞	—	10⅝	11.4-11.3	9⅞-10⅛	10⅛-10⅜
One year	11-10⅞	11⅜	10⅝	—	—	—
Two years	—	11⅛	—	—	—	—
Three years	—	11⅛	—	—	—	—
Four years	—	11⅛	—	—	—	—
Five years	—	11⅝	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV: Average Rate of interest period September 5 to October 2, 1984 (inclusive): 10.904 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 11 per cent from October 1 1984. London and Scottish Clearing Bank Rates for lending 10½ per cent. London Deposit Rates for sums at seven days' notice 7¾-7½ per cent. Treasury Bills: Average tender rates of discount 9.7287 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10⅛ per cent; one-three months 10⅛ per cent; three-six months 10⅛ per cent; six-nine months 10⅛ per cent; nine-12 months 10⅛ per cent. Under £100,000 10 per cent from September 12. Deposits held under Series 5 10⅛ per cent. The rates for all deposits withdrawn for cash 7 per cent.

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. October 16)

3 months U.S. dollars

bid 11	offer 11 1/8

6 months U.S. dollars

bid 11 5/16	offer 11 7/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	12½-12¾
Broker loan rate	11-11⅜
Fed funds	10⅝
Fed funds at intervention	—

Treasury Bills

One month	9.65
Two month	9.75
Three month	9.98
Six month	10.09
One year	9.94

Treasury Bonds

Two year	100⅝
Three year	100⅞
Four year	100⅞
Five year	101⅝
Seven year	101⅛
10 year	101⅜
30 year	102⅝

EUROBONDS

Warrants ensure success of Preussag's debut

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

PREUSSAG, the West German metals and energy concern, made its debut in the Eurobond market yesterday with a $75m seven-year bond with warrants. The issue was led by WestLB and Deutsche Bank.

The issue was an immediate success. Investors piled in because of the warrant feature that allows them to buy Preussag shares at the current price of DM 260 at any time over the next seven years.

Each $1,000 8 per cent bond carries two warrants allowing the purchase of 13 shares in the company. With these warrants the paper was quoted at 104 yesterday afternoon compared with the issue price of par. Stripped of the warrants the bonds traded at around 76.

Switzerland's four biggest banks are increasing interest rates on their Kassenobligationen – medium-term over-the-counter bonds – by ¼ to ½ point today, John Wicks writes from Zurich.

Union Bank of Switzerland, Swiss Bank Corporation, Credit Suisse and Swiss Volksbank have announced rates of 5 per cent for three to four-year bonds and 5¼ per cent for five to eight-year maturities. Bank Leu, the fifth biggest bank, adjusted its rates upwards last week.

The move follows a fall in net demand for Kassenobligationen. It will also be taken as an important signal to Swiss capital markets that interest rates are moving upwards. The National Bank and Finance Ministry had announced on Monday that the Berne Government was to cancel a SwFr 250m bond issue planned for next week because of "uncertainty in the markets."

Warrants were also a feature of the day's other new dollar issue, a $100m seven-year 12⅝ per cent bond for Total Raffinaderij Nederland, guaranteed by its parent Cie. Française des Petroles. Each $5,000 bond carries five warrants exercisable until 1990 that permit the holder to buy into another series of bonds with the same coupon and maturity.

Led by Morgan Stanley, Banque Paribas and Manufacturers Hanover, the paper traded at a discount of 1⅝ per cent from its 103 with warrents offer price. The warrants alone were quoted at around 39½, indicating that bond warrants remain particularly attractive to investors at the moment.

Elsewhere, Manufacturers Hanover took advantage of the continuing strong demand for sterling floating rate notes to launch a £75m ten-year bearing interest at a margin of ⅛ per cent over the three-month interbank offered rate. Led by S. G. Warburg, Manufacturers Hanover and Chemical, the paper, which is to be swapped into floating rate dollars, traded at a discount of ½ point from its par issue price, within the 65-point fee.

BHF Bank bond average		
Oct. 16		Previous
101.343		101.276
High	1984	Low
101.343		98.056

Subscriptions to last week's £78m FRN for ANZ Banking meanwhile closed early yesterday because of heavy demand.

In a steady West German market, the World Bank launched a DM 400m, ten-year 7⅝ per cent issue at 99¾ through Deutsche Bank yesterday, while a SwFr 100m issue is expected shortly through UBS for the Inter-American Development Bank.

Leading Swiss banks finally moved to increase their medium-term note rates yesterday. Further evidence of rising interest rates in Switzerland is provided by the 6⅛ per cent indicated yield on the IADB issue. This is around ¼ per cent higher than other recent issues.

While Bank of Tokyo increased its Ecu issue by Ecu 10m to Ecu 50m, Ireland launched an Ecu 50m ten-year 10⅝ per cent bond at par through Banque Paribas, ABN, Dresdner and Nikko Securities. Bank Mees & Hope is raising Fl 100m through a five-year 7¾ per cent bond priced at par

IFC studies equity conversion for private Latin debt

BY OUR EUROMARKETS CORRESPONDENT

THE International Finance Corporation (IFC), an affiliate of the World Bank, has begun exploratory discussions with several Latin American countries on a new scheme that would allow private sector foreign currency borrowings to be converted into equity.

The purpose of the scheme is to offer at least a partial solution to the debt problems of private sector companies in the region. These have generally taken second place to the more urgent task of restructuring public sector debt since the debt crisis broke two years ago.

Ultimately the scheme also aims to involve big institutional investors such as pension funds and insurance companies in stock market investments in Latin America.

The first stage of the IFC proposal, which has been discussed informally with the governments of such countries as Argentina, Brazil, Chile, Mexico and Venezuela, would involve the establishment of an investment company that would take over private sector loans from the creditor banks.

The banks would receive an equity stake in the new company in exchange for these loans, while the other shareholder would be the IFC itself. It would take up a small stake of, say, 10 per cent to provide working capital as well as an acceptable political umbrella for the operation.

Once formed the new company would try and find ways of helping the debtor companies restructure their finances by turning the loans into equity so that gradually it would build up a portfolio of shares traded in the national stock markets of the country concerned.

As the local economy improved, the IFC believes the quality of this portfolio would be enhanced to the point where shares in the investment company could be sold off to outside investors producing a cash return to the banks which originally made the loans. Meanwhile any interest or dividend earnings accruing to the investment company would be passed on to the lending banks in the form of dividends.

Though some countries are believed to be showing interest in the scheme, bankers believe that there are still many pitfalls along the road, one of which is the restriction placed by many Latin American countries on foreign participation in their equity markets. Another uncertainty is the way bank supervisory authorities in the lending countries would regard such a conversion from debt to equity.

The scheme could also cover only a small proportion of the outstanding private sector debt of any one country but the IFC believes it could take some of the pressure off the problem as well as providing institutional investors with an opportunity to make a small amount of their funds available for speculative but potentially lucrative investment in Latin America.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for October 16.

Toho Railway 4 97 WW	100	†97	97½	+0⅛	−0⅛	4.43
Toho Railway 4 92 XW	100	†87	87¼	0	0	6.18
Transcanada Pipe 5½ 92	100	†98	98½	−0⅞	−0⅝	5.79
World Bank 6⅝ 94	200	†101½	101¾	0	+0¼	5.90

Average price change On day −0¼ on week −0⅛

Dai-Ichi Kangyo 5¼ 96	0⅛	99⅞	100⅝	10/11	12⅛	12.11
Dresdner Fin 5¼ 89	0	99¾	100	23/11	12	12.02
E.D.F. 5⅛ 99	0⅛	99¾	100	23/2	12⅛	12.38
Gotabanken 5¼ 94	0⅛	99⅛	99⅞	10/11	12.19	12.28
Lloyds Euro 5 2004 $	0⅛	99¼	99½	10/10	11.31	11.38
Midland Int Fin 5 99 $	0⅛	99⅝	99⅞	6/3	12⅜	12.41
Mort Bk Denmark 5¼ 99	0⅛	†99⅞	100⅝	11/11	11⅞	11.86

[illegible]

Convertible bonds	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Orient Leasing 5¼ 98	6/83	2850	123½	125	−1⅞	5.87
Setsm 3¾ 99	10/84	5434	101⅞	102⅝	−0⅝	10.88
Sekisui House 3 99	6/84	512	88½	89½	−0¾	−0.81
Sumitomo Corp 2⅞ 99	5/84	583	80¼	81¼	−0½	3.12
Yamanouchi Pharm'cal 4 90	10/83	1483.2	113¼	114¼	+0¾	2.84
Nippon Oil Co 2⅝ 92 SF	3/84	1052	†107½	108	+0¼	13.93
Nippon Shinpan Co 2 92 SF	3/84	881	†94½	94¾	−0½	35.94
Settsu Paper 2⅞ 92 SF	4/84	677	†154½	154¾	+7½	−2.38
Asics 5 92 DM	12/83	520	101⅞	102⅞	0	−26.32
Sum Realty 6¼ 92 DM	2/83	365	167¼	168¾	+17½	−38.78

* No information available-previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. *Change on week – Change over price a week earlier.*

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) *for U.S. dollars. C.cpn. – current coupon. Cu. yld – current yield.*

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Indices

NEW YORK-DOW JONES

	Oct 16	Oct 15	Oct 12	Oct 11	Oct 10	Oct 9	1984 High	1984 Low	Since Compilation High	Since Compilation Low
Industrials	1,197.77	1,202.96	1,190.70	1,183.86	1,177.23	1,176.13	1286.64 (6/1)	1086.57 (24/7)	1287.70 (19/11/83)	41.22 (2/7/32)

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OVER-THE-COUNTER

Continued from Page 38

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